

*Report of Audit*

*on the*

*Financial Statements*

*of the*

***Borough of Spring Lake Heights***

*in the*

*County of Monmouth*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2017*



BOROUGH OF SPRING LAKE HEIGHTS

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BOROUGH OF SPRING LAKE HEIGHTS

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL  
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2017



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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Spring Lake Heights  
County of Monmouth  
Spring Lake Heights, New Jersey 07762

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Spring Lake Heights, as of December 31, 2017 and 2016, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough of Spring Lake Heights's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Spring Lake Heights's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the regulatory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.***

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Spring Lake Heights on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Spring Lake Heights as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2017.

### ***Basis for Qualified Opinion on Regulatory Basis of Accounting***

The financial activities of the Length of Service Award Program (LOSAP) are presented in the financial statements of the Borough's Trust Fund. These financial statements of the LOSAP have not been audited and were not required to be in accordance with the regulations of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

# SUPLEE, CLOONEY & COMPANY

## ***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of such adjustments, if any, that might have been necessary had the LOSAP Fund Financial Statements been audited, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2017 and 2016, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Spring Lake Heights's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2018 on our consideration of the Borough of Spring Lake Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Spring Lake Heights's internal control over financial reporting and compliance.

  
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CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 24, 2018



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Spring Lake Heights  
County of Monmouth  
Spring Lake Heights, New Jersey 07762

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Spring Lake Heights, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated July 24, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Spring Lake Heights prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the regulatory financial statements, we considered the Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
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CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 24, 2018

CURRENT FUND

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2017 and 2016

<u>Assets</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Current Fund:			
Cash and Cash Equivalents	1-A	\$ 4,915,971.36	\$ 4,383,311.45
Change Fund	2-A	<u>655.00</u>	<u>455.00</u>
		<u>4,916,626.36</u>	<u>4,383,766.45</u>
State of New Jersey - Seniors' and and Veterans' Deductions	3-A	<u>109.83</u>	
Receivables With Full Reserves:			
Delinquent Property Taxes Receivable	4-A	208,186.43	243,997.93
Tax Title Liens Receivable	5-A	36,072.94	30,552.70
Property Acquired for Taxes - Assessed Valuation	14-A	28,900.00	28,900.00
Interfunds Receivable	13-A	21,431.10	279.73
Revenue Accounts Receivable	6-A	<u>27,875.46</u>	<u>23,243.25</u>
		<u>322,465.93</u>	<u>326,973.61</u>
		<u>5,239,202.12</u>	<u>4,710,740.06</u>
Federal and State Grants:			
Cash and Cash Equivalents	1-A	167,939.04	3,985.71
Grants Receivable	19-A	<u>1,136,920.83</u>	<u>753,878.97</u>
		<u>1,304,859.87</u>	<u>757,864.68</u>
Total Assets		\$ <u><u>6,544,061.99</u></u>	\$ <u><u>5,468,604.74</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2017 and 2016

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Appropriation Reserves	A-3,8-A	\$ 288,475.37	\$ 310,767.96
Encumbrances Payable	9-A	165,952.41	249,489.24
Prepaid Taxes	10-A	755,791.81	125,932.88
County Taxes Payable	11-A	9,144.22	10,232.80
Local District School Tax Payable	12-A	2,813,932.67	2,768,466.67
Reserve for School Tax Levy	12-A	17,617.23	17,617.23
Interfunds Payable	13-A		23,983.14
Tax Overpayments	15-A	11,032.06	8,226.76
Due To:			
State of New Jersey	17-A	2,540.33	3,146.19
State of New Jersey - Seniors' and and Veterans' Deductions	3-A		497.67
Various Reserves	18-A	<u>108,824.22</u>	<u>119,838.97</u>
		<u>4,173,310.32</u>	<u>3,638,199.51</u>
Reserve for Receivables and Other Assets	A	322,465.93	326,973.61
Fund Balance	A-1	<u>743,425.87</u>	<u>745,566.94</u>
		<u>1,065,891.80</u>	<u>1,072,540.55</u>
		<u>5,239,202.12</u>	<u>4,710,740.06</u>
Federal and State Grants:			
Due to Utility Capital Fund	1-A	500,000.00	
Reserve for Encumbrances	20-A	3,820.00	
Reserve for Appropriated Grants	20-A	796,977.44	753,902.30
Reserve for Unappropriated Grants	21-A	<u>4,062.43</u>	<u>3,962.38</u>
		<u>1,304,859.87</u>	<u>757,864.68</u>
Total Liabilities, Reserves and Fund Balance		\$ <u><u>6,544,061.99</u></u>	\$ <u><u>5,468,604.74</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS

December 31, 2017 and 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 450,000.00	\$ 385,000.00
Miscellaneous Revenue Anticipated	A-2	1,786,250.98	1,628,828.93
Receipts From Delinquent Taxes	A-2	235,328.23	246,569.30
Non-Budget Revenue	A-2	73,107.72	75,814.92
Receipt From Current Taxes	A-2	16,544,573.81	16,371,953.58
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	8-A	195,885.24	232,207.90
Tax Overpayments Cancelled			3,650.18
Interfunds Returned			1,406.06
Total Revenue		<u>19,285,145.98</u>	<u>18,945,430.87</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,779,900.00	2,627,650.00
Other Expenses	A-3	1,704,550.00	1,708,150.00
Deferred Charges and Statutory Expenditures	A-3	633,000.00	617,935.00
Appropriations Excluded From "CAPS":			
Operations:			
Other Expenses	A-3	1,104,930.43	1,021,677.72
Capital Improvements	A-3	180,000.00	185,000.00
Municipal Debt Service	A-3	230,528.74	221,796.75
Deferred Charges	A-3	41,417.13	18,970.68
County Taxes	11-A	3,476,781.12	3,528,954.29
County Share of Added Taxes	11-A	9,144.22	10,232.80
Local District School Taxes	12-A	8,525,892.00	8,425,098.00
Municipal Open Space Tax	16-A	121,000.00	120,579.00
Refund Prior Years Tax Revenues	15-A	2,281.69	
Refund Prior Years Revenues	1-A	6,710.35	11,198.49
Interfunds Advanced	13-A	21,151.37	
Total Expenditures		<u>18,837,287.05</u>	<u>18,497,242.73</u>
Excess in Revenue		447,858.93	448,188.14
Fund Balance, January 1	A	<u>745,566.94</u>	<u>682,378.80</u>
		1,193,425.87	1,130,566.94
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	<u>450,000.00</u>	<u>385,000.00</u>
Fund Balance, December 31	A	<u>\$ 743,425.87</u>	<u>\$ 745,566.94</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2017

	Reference	Budget	Amended Budget	Realized	Excess/ (Deficit)
Surplus Anticipated	A-1	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00	
Miscellaneous Revenues:					
Alcoholic Beverages	6-A	20,000.00	20,000.00	20,000.00	
Fees and Permits	6-A	67,000.00	67,000.00	74,844.00	7,844.00
Municipal Court	6-A	61,000.00	61,000.00	60,297.45	(702.55)
Interest and Costs on Taxes	6-A	72,000.00	72,000.00	53,707.19	(18,292.81)
Interest on Investments and Deposits	6-A	19,000.00	19,000.00	20,506.25	1,506.25
Energy Receipts Tax	6-A	399,325.00	399,325.00	399,325.00	
Uniform Construction Code Fees	6-A	69,000.00	69,000.00	82,281.00	13,281.00
Spring Lake Heights School -					
Ground Maintenance	6-A	20,000.00	20,000.00	20,000.00	
Uniform Fire Safety Act	6-A	7,500.00	7,500.00	6,266.21	(1,233.79)
Uniform Fire Safety Act (Local Fees)	6-A	7,400.00	7,400.00	8,958.00	1,558.00
Cable TV Franchise Fees	6-A	74,000.00	74,000.00	73,097.00	(903.00)
Cell Tower Fees	6-A	125,000.00	125,000.00	132,336.00	7,336.00
Fiber Optic Franchise Fees	6-A	31,000.00	31,000.00	33,778.45	2,778.45
Open Space Debt Contribution	6-A	75,000.00	75,000.00	75,000.00	
Drunk Driving Enforcement	19-A	2,500.00	3,500.00	3,500.00	
Body Armor	19-A	1,462.38	1,464.14	1,464.14	
Recycling Tonnage	19-A		10,238.01	10,238.01	
Drive Sober Get Pulled Over	19-A		10,335.00	10,335.00	
Clean Communities	19-A		13,031.28	13,031.28	
NJDOT Muni Aid FY13	19-A		175,000.00	175,000.00	
NJDOT Muni Aid FY14	19-A		200,000.00	200,000.00	
NJDOT Muni Aid FY15	19-A		150,000.00	150,000.00	
Community Dev Block Grant	19-A		156,786.00	156,786.00	
Distracted Driving	19-A		5,500.00	5,500.00	
<b>Total Miscellaneous Revenues</b>	<b>A-1</b>	<b>1,051,187.38</b>	<b>1,773,079.43</b>	<b>1,786,250.98</b>	<b>13,171.55</b>
Receipts From Delinquent Taxes	A-1	239,791.65	239,791.65	235,328.23	(4,463.42)
Property Taxes for Support of Municipal Budget Appropriations:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	4,593,751.00	4,593,751.00	4,780,580.99	186,829.99
<b>Budget Totals</b>		<b>6,334,730.03</b>	<b>7,056,622.08</b>	<b>7,252,160.20</b>	<b>195,538.12</b>
Non-Budget Revenue	A-1,A-2			73,107.72	73,107.72
<b>Total General Revenues</b>	<b>A-3</b>	<b>\$ 6,334,730.03</b>	<b>\$ 7,056,622.08</b>	<b>\$ 7,325,267.92</b>	<b>\$ 268,645.84</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2017

	<u>Reference</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1,4-A	\$ 16,544,573.81
School, County and Special District Taxes	11-A,12-A,16-A	<u>12,132,817.34</u>
Balance for Support of Municipal Budget Appropriations		4,411,756.47
Add: "Appropriation Reserve for Uncollected Taxes"	A-3	<u>368,824.52</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 4,780,580.99</u>
Fees and Permits - Other:		
Housing Certificate of Occupancy		\$ 43,925.00
Zoning Fees		1,470.00
Registrar Fees		3,084.00
Planning Board Fees		8,450.00
Board of Adjustment Fees		6,525.00
Board of Health Fees		7,240.00
Raffle License		2,420.00
Community Center Rental		1,400.00
Property Lists		<u>330.00</u>
	A-2	<u>\$ 74,844.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2017

	<u>Reference</u>	
Miscellaneous Revenue Not Anticipated:		
Police Fees		\$ 548.00
Tennis Permits		95.00
Garage Sale		455.00
Copier Fees		66.20
Street Openings		7,800.00
Tax Search		10.00
Tax Misc		445.10
RR Rental		1.00
Bid Spec Fees		2,325.00
EDRS Payments		10.00
FEMA Reimbursement		37,568.12
Senior Citizen and Veterans Administrative Fee		1,150.00
Off Duty Police Administrative Fee		21,225.00
Miscellaneous		<u>1,409.30</u>
	A-1	<u>\$ 73,107.72</u>
Analysis:		
Cash Receipts	1-A	\$ 51,882.72
Interfunds	13-A	<u>21,225.00</u>
		<u>\$ 73,107.72</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2017

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS"					
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 117,000.00	\$ 132,000.00	\$ 125,210.96	\$ 6,789.04	
Other Expenses	32,000.00	25,000.00	24,746.52	253.48	
Mayor and Council:					
Salaries and Wages	20,000.00	17,000.00	15,999.62	1,000.38	
Other Expenses	2,000.00	2,000.00	1,989.86	10.14	
Municipal Clerk:					
Salaries and Wages	89,000.00	76,500.00	76,452.26	47.74	
Other Expenses	9,500.00	7,000.00	6,750.24	249.76	
Financial Administration (Treasury):					
Salaries and Wages	44,000.00	44,000.00	43,654.87	345.13	
Other Expenses	42,000.00	45,000.00	44,883.47	116.53	
Audit Services:					
Other Expenses	18,000.00	18,000.00	17,950.00	50.00	
Revenue Administration (Tax Collection):					
Salaries and Wages	40,000.00	34,000.00	33,415.23	584.77	
Other Expenses	26,000.00	28,000.00	27,046.84	953.16	
Tax Assessment Administration:					
Salaries and Wages	28,000.00	28,000.00	27,742.95	257.05	
Other Expenses	2,500.00	2,500.00	1,605.28	894.72	
Assessment PILOT	14,000.00	14,000.00	10,000.00	4,000.00	
Department of Law:					
Other Expenses	35,000.00	71,900.00	62,783.44	9,116.56	
Division of Engineering:					
Salaries and Wages	20,000.00	20,000.00	19,710.00	290.00	
Other Expenses	2,000.00	1,000.00	40.00	960.00	
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	2,700.00	2,700.00	2,475.52	224.48	
Other Expenses	2,000.00	2,300.00	2,184.38	115.62	
Zoning Board of Adjustment:					
Salaries and Wages	2,700.00	2,700.00	2,671.68	28.32	
Other Expenses	2,500.00	4,000.00	3,990.57	9.43	
Beautification Committee:					
Other Expenses	50.00	50.00	26.96	23.04	
Zoning /Code Enforcement:					
Salaries and Wages	23,000.00	16,000.00	15,309.00	691.00	
Other Expenses	1,000.00	1,000.00	806.00	194.00	
INSURANCE					
Group Insurance	490,000.00	485,000.00	400,107.93	84,892.07	
Workmen's Compensation	172,000.00	172,000.00	172,000.00		
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	1,622,000.00	1,647,000.00	1,622,572.17	24,427.83	
Other Expenses	46,000.00	61,000.00	60,998.41	1.59	
Vehicle Purchase					
Emergency Management Services:					
Salaries and Wages	3,100.00	100.00		100.00	
Other Expenses	5,500.00	5,500.00	4,607.25	892.75	
First Aid Contributions	25,000.00	25,000.00	25,000.00		
Fire Safety Act:					
Salaries and Wages	15,000.00	15,000.00	13,509.95	1,490.05	
Other Expenses	1,900.00	1,900.00	1,660.63	239.37	
Prosecutor's Office:					
Salaries and Wages	13,500.00	14,900.00	14,696.97	203.03	
Other Expenses	500.00	500.00		500.00	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2017

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS" (Continued)					
Municipal Court:					
Salaries and Wages	\$ 16,000.00	\$ 16,000.00	\$ 14,215.00	\$ 1,785.00	
Other Expenses	1,500.00	1,500.00	1,352.16	147.84	
Public Defender					
Other Expenses	750.00	750.00	187.50	562.50	
Fire Department					
Salaries and Wages	1,000.00	1,000.00		1,000.00	
Other Expenses	101,000.00	101,000.00	100,629.81	370.19	
Volunteer Fire Contributions	65,000.00	65,000.00	65,000.00		
PUBLC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	680,000.00	695,000.00	693,233.86	1,766.14	
Other Expenses	4,000.00	4,000.00	4,000.00		
Streets and Roads Other Expense	30,000.00	20,000.00	10,069.45	9,930.55	
Solid Waste Collection:					
Other Expenses	2,500.00	2,500.00	2,454.00	46.00	
Buildings and Grounds:					
Other Expenses	36,000.00	39,000.00	37,615.43	1,384.57	
Vehicle Maintenance:					
Other Expenses	62,000.00	67,500.00	63,148.39	4,351.61	
Snow Removal					
Salaries and Wages	25,000.00	700.00		700.00	
Other Expenses	25,000.00	20,600.00	19,003.28	1,596.72	
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	1,300.00	1,300.00	1,275.04	24.96	
Other Expenses	200.00	200.00	95.00	105.00	
Environmental Health Services:					
Other Expenses	1,500.00	1,500.00	924.12	575.88	
Animal Control Services:					
Other Expenses	4,250.00	4,250.00		4,250.00	
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	6,000.00	6,000.00	5,943.00	57.00	
Other Expenses	4,000.00	3,000.00	10.00	2,990.00	
Accumulated Leave Compensation	20,000.00	20,000.00		20,000.00	
UTILITY EXPENSE AND BULK PURCHASES					
Utilities	242,000.00	216,600.00	188,803.45	27,796.55	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill:					
Other Expenses	175,000.00	163,500.00	149,273.94	14,226.06	
Salary and Wage Adjustment	10,000.00	10,000.00		10,000.00	
Total Operations Within "CAPS"	4,483,450.00	4,483,450.00	4,239,832.39	243,617.61	
Contingent	1,000.00	1,000.00		1,000.00	
Total Operations Including Contingent Within "CAPS"	4,484,450.00	4,484,450.00	4,239,832.39	244,617.61	
Detail:					
Salaries and Wages	2,779,300.00	2,779,900.00	2,728,088.08	51,811.92	
Other Expenses	1,705,150.00	1,704,550.00	1,511,744.31	192,805.69	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2017

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS" (Continued)					
Deferred Charges and Statutory Expenditures -					
Municipal - Within "CAPS"					
Statutory Expenditures:					
Contribution To:					
Public Employees Retirement System	\$ 100,000.00	\$ 100,000.00	\$ 98,795.44	\$ 1,204.56	\$
Social Security System (O.A.S.I.)	200,000.00	200,000.00	198,780.22	1,219.78	
Police and Firemen's Retirement System of NJ	332,000.00	332,000.00	331,945.00	55.00	
DCRP - Employer Contribution	1,000.00	1,000.00		1,000.00	
Total Deferred and Statutory Expenditures -					
Municipal - Within "CAPS"	<u>633,000.00</u>	<u>633,000.00</u>	<u>629,520.66</u>	<u>3,479.34</u>	
Total General Appropriations for Municipal Purposes					
Within "CAPS"	<u>5,117,450.00</u>	<u>5,117,450.00</u>	<u>4,869,353.05</u>	<u>248,096.95</u>	
Operations Excluded from "CAPS"					
Stormwater Management:					
Recycling Tax	2,400.00	2,400.00	2,000.00	400.00	
Reserve for Tax Appeals	5,500.00	5,500.00	5,500.00		
	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>		
Total Other Operations Excluded From "CAPS"	<u>8,400.00</u>	<u>8,400.00</u>	<u>8,000.00</u>	<u>400.00</u>	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Southern Monmouth Community Alliance To Prevent					
Alcoholism and Drug Abuse - Other Expenses	4,400.00	4,400.00	4,089.33	310.67	
Shared Services - Monmouth County Transportation					
Other Expenses	3,600.00	3,600.00	2,418.00	1,182.00	
County of Monmouth - Pub Safety Ans:					
Other Expenses	1,500.00	1,500.00		1,500.00	
Spring Lake Heights - BOE - Grounds Maintenance:					
Salaries and Wages	20,000.00	20,000.00	20,000.00		
LOSAP First Aid	12,000.00	12,000.00	11,500.00	500.00	
LOSAP Fire Company	43,000.00	43,000.00	11,760.00	31,240.00	
Monmouth County Regional Health Commission	52,376.00	52,376.00	52,376.00		
Belmar - Dispatch Services	109,500.00	109,500.00	109,237.76	262.24	
Spring Lake - Construction	57,500.00	57,500.00	55,532.47	1,967.53	
Shared Services - Municipal Court - Other Expenses	61,000.00	61,000.00	60,792.00	208.00	
Shared Services - Public Assistance - Other Expenses	5,800.00	5,800.00	5,000.00	800.00	
Total Interlocal Municipal Service Agreements	<u>370,676.00</u>	<u>370,676.00</u>	<u>332,705.56</u>	<u>37,970.44</u>	
PUBLIC AND PRIVATE PROGRAMS OFFSET					
BY REVENUES					
Drive Sober Get Pulled Over (40A:4-87 - \$5000 +\$5335)		10,335.00	10,335.00		
Drunk Driving Enforcement (40A:4-87+\$1,000.00)	2,500.00	3,500.00	3,500.00		
Distracted Driver (40A:4-87 +5,500.00)		5,500.00	5,500.00		
Clean Communities (40A:4-87 +13,031.28)		13,031.28	13,031.28		
Recycling Tonnage (40A:4-87 - \$5,504.22 + \$4,733.79)		10,238.01	10,238.01		
NJDOT Muni Aid FY13 (40A:4-87 +175,000.00)		175,000.00	175,000.00		
NJDOT Muni Aid FY14 (40A:4-87+\$200,000.00)		200,000.00	200,000.00		
NJDOT Muni Aid FY15 (40A:4-87 +\$150,000.00)		150,000.00	150,000.00		
Community Dev Block Grant (40A:4-87 +\$156,786.00)		156,786.00	156,786.00		
Body Armor (40A:4-87 + \$1.76)	1,462.38	1,464.14	1,464.14		
Total Public and Private Programs Offset					
By Revenues	<u>3,962.38</u>	<u>725,854.43</u>	<u>725,854.43</u>		
Total Operations - Excluded From "CAPS"	<u>383,038.38</u>	<u>1,104,930.43</u>	<u>1,066,559.99</u>	<u>38,370.44</u>	
Detail:					
Other Expenses	383,038.38	1,104,930.43	1,066,559.99	38,370.44	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2017

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$	
Reserve for Fire Apparatus, Siren, Vehicle, & Equipment	35,000.00	35,000.00	35,000.00		
Reserve for Public Works Vehicle and Equipment	70,000.00	70,000.00	70,000.00		
Reserve for Road and Drainage Improvements	45,000.00	45,000.00	45,000.00		
Reserve for Fire Emergency Notification System	5,000.00	5,000.00	5,000.00		
Building Improvements	7,000.00	7,000.00	4,992.02	2,007.98	
Total Capital Improvements - Excluded From "CAPS"	180,000.00	180,000.00	177,992.02	2,007.98	
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	105,000.00	105,000.00	105,000.00		
Interest on Bonds	53,000.00	53,000.00	52,550.00		450.00
Capital Lease Obligations Approved Prior to 7/1/2007	86,000.00	86,000.00	72,978.74		13,021.26
Total Municipal Debt Service - Excluded From "CAPS"	244,000.00	244,000.00	230,528.74		13,471.26
Deferred Charges - Municipal - Excluded From "CAPS"					
Capital Ordinance 03-2004	13,028.08	13,028.08	13,028.08		
Capital Ordinance 07-2006	16,037.85	16,037.85	16,037.85		
Capital Ordinance 02-2007	12,351.20	12,351.20	12,351.20		
Total Deferred Charges - Municipal - Excluded From "CAPS"	41,417.13	41,417.13	41,417.13		
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	848,455.51	1,570,347.56	1,516,497.88	40,378.42	13,471.26
Subtotal General Appropriations	5,965,905.51	6,687,797.56	6,385,850.93	288,475.37	13,471.26
Reserve for Uncollected Taxes	368,824.52	368,824.52	368,824.52		
Total General Appropriations	\$ 6,334,730.03	\$ 7,056,622.08	\$ 6,754,675.45	\$ 288,475.37	\$ 13,471.26
	Reference	A-3	A-1	A;A-1	
Budget as Adopted	A-2	\$ 6,334,730.03			
Appropriation by 40A:4-87	A-2	721,892.05			
		\$ 7,056,622.08			
Analysis of Paid or Charged:					
Cash Disbursements (net)	1-A		\$ 5,494,044.09		
Reserve for Uncollected Taxes	A-2		368,824.52		
Transferred to:					
Encumbrances Payable	9-A		165,952.41		
Grants - Appropriated	20-A		725,854.43		
			\$ 6,754,675.45		

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TRUST FUND

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2017 and 2016

<u>Assets</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Animal Control Fund:			
Cash	1-B	\$ <u>1,784.83</u>	\$ <u>3,615.13</u>
		<u>1,784.83</u>	<u>3,615.13</u>
Other Trust Funds:			
Cash	1-B	<u>512,905.66</u>	<u>712,097.48</u>
		<u>512,905.66</u>	<u>712,097.48</u>
Unemployment Compensation Trust Fund:			
Cash	1-B	<u>12,977.41</u>	<u>12,484.72</u>
		<u>12,977.41</u>	<u>12,484.72</u>
Payroll Fund:			
Cash	1-B	<u>2,677.57</u>	<u>722.77</u>
Length of Service Award Program "LOSAP" - Unaudited:			
Investment in LOSAP	9-B	462,203.05	366,210.28
Contributions Receivable			40,180.00
		<u>462,203.05</u>	<u>406,390.28</u>
Total Assets		\$ <u><u>992,548.52</u></u>	\$ <u><u>1,135,310.38</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2017 and 2016

<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Animal Control Fund:			
Due to State of NJ	2-B	\$ 12.00	\$ 22.80
Reserve For Animal Control Fund Expenditures	3-B	<u>1,772.83</u>	<u>3,592.33</u>
		<u>1,784.83</u>	<u>3,615.13</u>
Other Trust Funds:			
Due To Current Fund	7-B	21,431.10	279.73
Encumbrances Payable	8-B	18,539.62	15,633.20
Various Trust Fund Reserves	4-B	<u>472,934.94</u>	<u>696,184.55</u>
		<u>512,905.66</u>	<u>712,097.48</u>
Unemployment Compensation Trust Fund:			
Reserve for Unemployment Compensation	5-B	<u>12,977.41</u>	<u>12,484.72</u>
		<u>12,977.41</u>	<u>12,484.72</u>
Payroll Fund:			
Due To Various Agencies	6-B	<u>2,677.57</u>	<u>722.77</u>
		<u>2,677.57</u>	<u>722.77</u>
Length of Service Award Program "LOSAP" - Unaudited:			
Reserve for LOSAP Funds	9-B	<u>462,203.05</u>	<u>406,390.28</u>
Total Liabilities and Reserves		\$ <u><u>992,548.52</u></u>	\$ <u><u>1,135,310.38</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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GENERAL CAPITAL FUND

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

BALANCE SHEET- REGULATORY BASIS

December 31, 2017 and 2016

<u>Assets</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	1-C,2-C	\$ 592,340.76	\$ 83,327.02
Grant Receivable	6-C	188,000.00	188,000.00
Due Current Fund	11-C		23,983.14
Deferred Charges To Future Taxation:			
Funded	3-C	1,175,000.00	1,280,000.00
Unfunded	4-C	860,988.92	224,988.92
Grants Cancelled			41,417.13
		<u>2,816,329.68</u>	<u>1,841,716.21</u>
Est Proceeds of Bonds & Notes Authorized but not Issued	13-C	<u>224,988.92</u>	<u>224,988.92</u>
Total Assets		<u>\$ 3,041,318.60</u>	<u>\$ 2,066,705.13</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	5-C	\$ 1,175,000.00	\$ 1,280,000.00
Improvement Authorizations:			
Funded	7-C	302,544.58	330,537.78
Unfunded	7-C	153,658.24	58,734.86
Capital Improvement Fund	8-C	3,015.63	19,015.63
Bond Anticipation Notes	12-C	636,000.00	
Contracts Payable	10-C	413,133.06	20,062.18
Reserve for:			
Debt Service		8,089.48	8,089.48
Reserve for Various Capital Improvements	9-C	74,583.64	74,971.23
Fund Balance	C-1	<u>50,305.05</u>	<u>50,305.05</u>
		<u>2,816,329.68</u>	<u>1,841,716.21</u>
Proceeds of Bonds & Notes Authorized but not issued	13-C	<u>224,988.92</u>	<u>224,988.92</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,041,318.60</u>	<u>\$ 2,066,705.13</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

Years ended December 31, 2017 and 2016

Reference

Balance, December 31, 2016 and December 31, 2017	C	\$ <u>50,305.05</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

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WATER/SEWER UTILITY FUND

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Reference</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents	1-D	\$ 696,295.26	\$ 933,757.82
Receivables With Full Reserves:			
Consumer Accounts Receivable	3-D	108,947.62	96,325.16
Water/Sewer Liens	4-D	<u>5,898.43</u>	<u>4,923.43</u>
		114,846.05	101,248.59
Total Operating Fund		<u>811,141.31</u>	<u>1,035,006.41</u>
Capital Fund:			
Cash and Cash Equivalents	1-D;2-D	299,994.10	625,291.13
Due from Utility Fund	17-D		3,173.96
Due from Grant Fund	18-D	500,000.00	
Fixed Capital	5-D	3,488,699.47	3,488,699.47
Fixed Capital Authorized and Uncompleted	6-D	<u>1,307,125.00</u>	<u>1,057,125.00</u>
Total Capital Fund		<u>5,595,818.57</u>	<u>5,174,289.56</u>
Total Assets		\$ <u>6,406,959.88</u>	\$ <u>6,209,295.97</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Reference</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>Liabilities, Reserves and Fund Balances</u>			
Operating Fund:			
Appropriation Reserves	D-4,7-D	\$ 57,258.76	\$ 118,285.94
Due to Utility Capital Fund	17-D		3,173.96
Overpayments	9-D	7,768.23	7,069.13
Encumbrances Payable	8-D	264,268.07	108,849.98
Accrued Interest on Bonds and Notes	15-D	<u>1,230.00</u>	<u>1,500.00</u>
		330,525.06	238,879.01
Reserve for Receivables	D	114,846.05	101,248.59
Fund Balance	D-1	<u>365,770.20</u>	<u>694,878.81</u>
		<u>480,616.25</u>	<u>796,127.40</u>
 Total Operating Fund		 <u>811,141.31</u>	 <u>1,035,006.41</u>
Capital Fund:			
Serial Bonds	14-D	295,000.00	360,000.00
Improvement Authorizations:			
Funded	11-D	381,652.44	152,453.07
Capital Improvement Fund	10-D	14,285.62	29,285.62
Reserve for Amortization	12-D	3,732,908.56	3,667,908.56
Deferred Reserve for Amortization	13-D	767,915.91	517,915.91
Reserve for Encumbrances	16-D	13,938.98	57,120.00
Reserve to Pay Debt Service	D	3,145.91	3,145.91
Reserve for Various Utility Capital Improvements	19-D	383,611.22	358,100.56
Fund Balance	D-2	<u>3,359.93</u>	<u>28,359.93</u>
 Total Capital Fund		 <u>5,595,818.57</u>	 <u>5,174,289.56</u>
 Total Liabilities, Reserves and Fund Balances		 <u>\$ 6,406,959.88</u>	 <u>\$ 6,209,295.97</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS

Years ended December 31, 2017 and 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	\$ 450,000.00	\$ 500,000.00
Water and Sewer Rents and Charges	D-3	2,274,461.22	2,335,371.47
Shared Service Water Operator			22,500.00
Non-Budget Revenue	D-3	19,648.55	34,434.72
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	7-D	99,136.60	107,287.84
Total Revenue		<u>2,843,246.37</u>	<u>2,999,594.03</u>
Expenditures:			
Operating	D-4	2,042,000.00	2,114,000.00
Capital Improvements	D-4	500,000.00	505,000.00
Debt Service	D-4	82,854.98	80,750.01
Deferred Charges	D-4		3,173.96
Statutory Expenditures	D-4	97,500.00	66,826.04
		<u>2,722,354.98</u>	<u>2,769,750.01</u>
Excess in Revenue		120,891.39	229,844.02
Fund Balance, January 1	D	694,878.81	965,034.79
		<u>815,770.20</u>	<u>1,194,878.81</u>
Decreased By:			
Utilized as Anticipated Revenue	D-3	450,000.00	500,000.00
Fund Balance, December 31	D	<u>\$ 365,770.20</u>	<u>\$ 694,878.81</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE  
REGULATORY BASIS

Years ended December 31, 2017 and 2016

	<u>Reference</u>		
Balance, December 31, 2016	D	\$	28,359.93
Decreased By:			
Funding Improvement Authorization Ord #2017-04	11-D		<u>25,000.00</u>
Balance, December 31, 2017	D	\$	<u><u>3,359.93</u></u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2017

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 450,000.00	\$ 450,000.00	\$
Water Rents	2,273,500.00	2,274,461.22	961.22
Miscellaneous Revenue Not Anticipated	<u>                    </u>	<u>19,648.55</u>	<u>19,648.55</u>
	<u>\$ 2,723,500.00</u>	<u>\$ 2,744,109.77</u>	<u>\$ 20,609.77</u>
	<u>Reference</u>	D-4	D-1
<u>Analysis of Water Rents</u>			
Collections	3-D	\$ 2,274,243.98	
Overpayments Applied	3-D	<u>217.24</u>	
	D-3	<u>\$ 2,274,461.22</u>	
<u>Analysis of Miscellaneous Revenue Not Anticipated</u>			
Interest on Investments		\$ 6,063.94	
Interest on Rents		10,833.31	
Street Openings		300.00	
Tap Revenue		2,200.00	
Other		<u>251.30</u>	
	D-3;1-D	<u>\$ 19,648.55</u>	

The accompanying Notes to Financial Statements are an integral part of this Statement.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2017

	Appropriations				
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	Cancelled
<b>Operating:</b>					
Salaries and Wages	\$ 400,000.00	\$ 425,000.00	\$ 402,533.36	\$ 22,466.64	\$
Other Expenses	350,000.00	325,000.00	318,374.82	6,625.18	
NJSWA Raw Water Charge	160,000.00	160,000.00	151,310.94	8,689.06	
NJSWA Treat/Trans Charge	555,000.00	555,000.00	548,866.16	6,133.84	
South Monmouth Regional Sewer Authority	569,000.00	569,000.00	569,000.00		
Wall Twp. Sewer Charges	8,000.00	8,000.00	7,187.72	812.28	
<b>Total Operating</b>	<u>2,042,000.00</u>	<u>2,042,000.00</u>	<u>1,997,273.00</u>	<u>44,727.00</u>	
<b>Capital Improvements:</b>					
Capital Outlay	50,000.00	50,000.00	41,343.36	8,656.64	
Various Reserves for Improvements	440,000.00	440,000.00	440,000.00		
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
<b>Total Capital Improvements</b>	<u>500,000.00</u>	<u>500,000.00</u>	<u>491,343.36</u>	<u>8,656.64</u>	
<b>Debt Service:</b>					
Payment on Bond Principal	65,000.00	65,000.00	65,000.00		
Interest on Bonds	19,000.00	19,000.00	17,854.98		\$ 1,145.02
<b>Total Debt Service</b>	<u>84,000.00</u>	<u>84,000.00</u>	<u>82,854.98</u>		<u>1,145.02</u>
<b>Statutory Expenditures:</b>					
<b>Contributions To:</b>					
Public Employees' Retirement System	60,500.00	60,500.00	60,500.00		
Social Security System (O.A.S.I.)	36,000.00	36,000.00	32,124.88	3,875.12	
Unemployment Insurance	1,000.00	1,000.00	1,000.00		
<b>Total Statutory Expenditures</b>	<u>97,500.00</u>	<u>97,500.00</u>	<u>93,624.88</u>	<u>3,875.12</u>	
<b>Total Water/Sewer Utility Appropriations</b>	<u>\$ 2,723,500.00</u>	<u>\$ 2,723,500.00</u>	<u>\$ 2,665,096.22</u>	<u>\$ 57,258.76</u>	<u>\$ 1,145.02</u>
	<u>Reference</u>	<u>D-3</u>	<u>D-1</u>	<u>D;D-1</u>	
Cash Disbursements	1-D		\$ 2,382,973.17		
Encumbrances Payable	8-D		264,268.07		
Accrued Interest on Bonds and Notes	15-D		17,854.98		
			<u>\$ 2,665,096.22</u>		

The accompanying Notes to Financial Statements are an integral part of this Statement.

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PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2017 and 2016

<u>Assets</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Cash	1-E	\$ <u>15,343.94</u>	<u>15,097.94</u>
Total Assets		\$ <u><u>15,343.94</u></u>	\$ <u><u>15,097.94</u></u>
<u>Liabilities and Reserves</u>			
Reserve for Encumbrances	1-E	\$ 1,210.00	\$
Reserve for Public Assistance Expenditures	1-E	<u>14,133.94</u>	<u>15,097.94</u>
<u>Total Liabilities and Reserves</u>		\$ <u><u>15,343.94</u></u>	\$ <u><u>15,097.94</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GENERAL FIXED ASSET ACCOUNT GROUP

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEET - REGULATORY BASIS

December 31, 2017 and 2016

	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
Fixed Assets:		
Land	\$ 3,107,300.00	\$ 3,107,300.00
Buildings	495,500.00	495,500.00
Machinery and Equipment	<u>2,989,595.39</u>	<u>2,741,169.95</u>
<u>Total Fixed Assets</u>	\$ <u>6,592,395.39</u> \$	<u>6,343,969.95</u>
Reserve:		
Investments in General Fixed Assets	\$ <u>6,592,395.39</u> \$	<u>6,343,969.95</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SPRING LAKE HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Spring Lake Heights is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Spring Lake Heights include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Spring Lake Heights, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Spring Lake Heights do not include the operations of the Independent Fire Company No.1 of Spring Lake Heights and Spring Lake First Aid and Emergency Squad or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Spring Lake Heights conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Spring Lake Heights are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund

Water/Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally operated Water/Sewer utility

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes

General Fixed Asset Account Group - Utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31<sup>st</sup>, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31<sup>st</sup>, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C 5:30.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Expenditures for construction in progress are recorded in the Capital Fund until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Water/Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water/Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Spring Lake Heights had the following cash and cash equivalents at December 31, 2017:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$7,172,715.00	\$45,514.93		\$7,218,229.93
Change Funds			\$655.00	655.00
	<u>\$7,172,715.00</u>	<u>\$45,514.93</u>	<u>\$655.00</u>	<u>\$7,218,884.93</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on deposit in the bank of \$7,172,715.60 \$250,000.00 was covered by Federal Depository Insurance and \$6,922,715.00 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2017, the Borough had no investments.

NOTE 3: MUNICIPAL DEBT

Long-Term Debt

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2017</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$1,811,000.00	\$1,280,000.00	\$1,380,000.00
Water/Sewer Utility:			
Bonds and Notes	<u>295,000.00</u>	<u>360,000.00</u>	<u>420,000.00</u>
Net Debt Issued	\$2,106,000.00	\$1,640,000.00	\$1,800,000.00
Less: Reserve to Pay Bonds	<u>8,089.48</u>	<u>8,089.48</u>	<u>8,089.48</u>
	<u>\$2,097,910.52</u>	<u>\$1,631,910.52</u>	<u>\$1,791,910.52</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	\$224,988.92	\$224,988.92	\$237,959.60
Water/Sewer Utility:			
Bonds and Notes	<u>                    </u>	<u>                    </u>	<u>3,173.96</u>
Total Authorized but not Issued	<u>\$224,988.92</u>	<u>\$224,988.92</u>	<u>\$241,133.56</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u>\$2,322,899.44</u>	<u>\$1,856,899.44</u>	<u>\$2,033,044.08</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt (Continued)

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.169%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$2,125,000.00	\$2,125,000.00	-0-
Water Sewer Utility Debt	298,173.96	298,173.96	-0-
General Debt	<u>2,035,988.92</u>	<u>8,089.48</u>	<u>2,027,899.44</u>
	<u>\$4,459,162.88</u>	<u>\$2,431,263.44</u>	<u>\$2,027,899.44</u>

NET DEBT \$2,027,899.44 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$1,200,978,746.33 EQUALS 0.169%.

BORROWING POWER UNDER N.J.S.40A:2-6

Equalized Valuation Basis* - December 31, 2017	\$1,168,591,279.67
3-1/2 of Equalized Valuation Basis	40,900,694.79
Net Debt	<u>2,027,899.44</u>
Remaining Borrowing Power	<u>\$38,872,795.35</u>

\*Equalized Valuation Basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER/SEWER UTILITY PER N.J.S.40A:2-45

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year	\$	2,726,295.76
Deductions:		
Operating and Maintenance Cost	\$	2,139,500.00
Debt Service		<u>83,124.98</u>
Total Deductions		<u>2,222,624.98</u>
Excess in Revenue - Self Liquidating	\$	<u>503,670.78</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt (Continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2016

CALENDAR <u>YEAR</u>	<u>PUBLIC IMPROVEMENT</u>		<u>WATER/SEWER UTILITY</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2018	\$110,000.00	\$47,300.00	\$70,000.00	\$14,750.00	\$242,050.00
2019	115,000.00	41,800.00	70,000.00	11,250.00	238,050.00
2020	120,000.00	36,050.00	75,000.00	7,750.00	238,800.00
2021	125,000.00	30,050.00	80,000.00	4,000.00	239,050.00
2022	130,000.00	23,800.00			153,800.00
2023	135,000.00	18,600.00			153,600.00
2024	145,000.00	13,200.00			158,200.00
2025	145,000.00	8,850.00			153,850.00
2026	150,000.00	4,500.00			154,500.00
	<u>\$1,175,000.00</u>	<u>\$224,150.00</u>	<u>\$295,000.00</u>	<u>\$37,750.00</u>	<u>\$1,731,900.00</u>

The Public Improvement Bond issues are comprised of the following:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2017</u>
\$1,740,000.00 in General Improvement Bonds dated December 1, 2011, due in remaining annual installments ranging between \$110,000.00 and \$150,000.00 beginning December 1, 2018 and ending December 1, 2026 with interest from 3.00% to 5.00%	<u>\$1,175,000.00</u>

The Water/Sewer Utility Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2017</u>
\$645,000.00 in General Improvement Bonds dated December 1, 2011, due in remaining annual installments ranging between \$70,000.00 and \$80,000.00 beginning December 1, 2018 and ending December 1, 2021 with interest at 5.00%	<u>\$295,000.00</u>



NOTE 3: MUNICIPAL DEBT (CONTINUED)

Short-Term Debt

The Borough had the following Bond Anticipation Notes outstanding at December 31, 2017:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
13-17					<u>\$636,000.00</u>

Bonds and Notes Authorized but Not Issued

At December 31, 2017, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$ 224,988.92</u>
Water/Sewer Utility Capital Fund	None

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018 were as follows:

Current Fund	\$450,000.00
Water/Sewer Utility	150,000.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2017</u>	BALANCE DECEMBER 31, <u>2016</u>
Prepaid Taxes	<u>\$755,264.65</u>	<u>\$125,932.88</u>

## NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrprts.shtml](http://www.nj.gov/treasury/pensions/annrprts.shtml).

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

*Police and Fireman's Retirement System (PFRS)* - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

### Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2016, PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2016, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Borough's share of regular pension costs, which is based upon the annual billings received from the State is reflected below:

Year Ended	Total	Public Employees Retirement System	Police & Firemens Retirement System	Defined Contribution Program
<u>December 31</u>				
2017	\$475,137.00	\$143,192.00	\$331,945.00	
2015	448,338.49	129,313.00	318,722.00	303.49
2014	389,780.02	134,519.00	283,013.00	680.02

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2017.

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$3,796,815.00 for the Borough of Spring Lake Heights' proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0163104608 percent, which was a decrease of 0.0002091213 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$273,599.00 for the Borough of Spring Lake Heights' proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$143,042.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	-	\$89,402.00
Changes of assumptions	\$762,123.00	764,927.00
Net difference between projected and actual earnings on pension plan investments		25,854.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>\$167,352.00</u>	<u>172,250.00</u>
	<u>\$929,475.00</u>	<u>\$1,052,433.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2018	\$69,631.00
2019	115,148.00
2020	86,676.00
2021	(74,274.00)
2022	<u>(74,223.00)</u>
	<u>\$122,958.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.65 percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65 at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

	June 30, 2017	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	



NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$4,710,206.00	\$3,796,815.00	\$3,035,846.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$6,498,436.00 for the Borough of Spring Lake Heights' proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0420935854 percent, which was an increase of 0.0013811515 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$769,853.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$331,945.00.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$38,140.00	\$42,158.00
Changes of assumptions	1,064,254.00	801,330.00
Net difference between projected and actual earnings on pension plan investments		124,005.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions		556,596.00
	<u>\$1,102,394.00</u>	<u>\$1,524,089.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2018	\$258,190.00
2019	376,438.00
2020	116,900.00
2021	(223,562.00)
2022	<u>(106,271.00)</u>
	<u><u>\$421,695.00</u></u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

	<u>2016</u>	<u>2017</u>
Inflation	3.08 Percent	2.25 Percent
Salary Increases (based on age) Through 2026	2.10-8.98 Percent Based on Age	2.10-8.98 Percent Based on Age
Thereafter	3.10-9.98 Percent Based on Age	3.10-9.98 Percent Based on Age
Investment Rate of Return	7.65 Percent	7.00 Percent

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Borough's proportionate share of the PFRS pension liability	\$11,442,393.00	\$8,684,386.00	\$6,418,369.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At June 30, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$727,880.00 and \$653,085.00 respectively.

At June 30, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$6,498,436.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>727,880.00</u>
	<u><u>\$7,226,316.00</u></u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under the terms of various contracts certain Borough employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date with the exception of sick leave. It is estimated that the current cost of such unpaid compensation would approximate \$589,806.06. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2017. The Borough has accumulated \$243.67 for this purpose in the Trust Other Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 8: SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund liabilities as follows:

	<u>Local District School Tax</u>	
	<u>Balance</u>	<u>Balance</u>
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Balance of Tax	\$3,897,827.42	\$3,852,361.42
Deferred	<u>1,083,894.75</u>	<u>1,083,894.75</u>
Tax (Payable)	<u><u>\$2,813,932.67</u></u>	<u><u>\$2,768,466.67</u></u>

NOTE 9: LITIGATION

The Borough Attorney's letter did not indicate any litigation or claims that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Borough does not believe that any material liabilities will result from such audits.



NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self-insurance program through the Middlesex County Municipal Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance coverage for each of the various risks noted above. The Borough's contribution to the Fund for claim payments is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough's contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>		<u>Amount Reimbursed</u>	<u>Ending Balance</u>
	<u>Other</u>	<u>Employee</u>		
2017	\$1,000.00	\$3,975.62	\$4,482.93	\$12,977.41
2016	-0-	3,764.63	5,737.44	12,484.72
2015	1,500.00	3,634.04	527.26	14,457.53

NOTE 12: LENGTH OF SERVICE AWARDS PROGRAM

On February 10, 2003, the Borough of Spring Lake Heights adopted an ordinance establishing a Length of Service Awards Program for the members of the Spring Lake Heights First Aid Squad pursuant to N.J.S.A. 40A:14-183 et seq.

In 2012, the Borough assumed the Plan for the Volunteer Fire Department that was previously administered by the Spring Lake Heights Fire District, which was dissolved.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of \$1,558.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be provided for annually in the budget of the Borough and is anticipated to be \$52,000.00 per year. The Plan is administrated by Lincoln Financial Group.

The Borough's Length of Service Awards Program's financial statements are also required to be contained in a separate review report.

NOTE 13: DEFERRED COMPENSATION PLAN

The Borough offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plan are held by an independent administrators, Prudential Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 14: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Borough provides Post Retirement Benefits to Public Works employees, per the terms of their labor agreement, which have retired from the Borough after age 55, with ten (10) years of service with the Borough and 25 years of service time with the Public Employees Retirement System. These benefits include Employee and Spouse Health Insurance and prescription coverage.

Former Borough employees who received benefits under this plan totaled 4 in 2017, 2 in 2016 and 1 in 2015.

Plan Description. The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.* to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The future value of benefits paid is not required to be reported in the financial statements as presented and has not been determined, but is probably material.

NOTE 14: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Under current New Jersey budget and financial reporting requirements, the Borough will not have to provide any amounts in excess of their current cash costs or recognized any long-term obligations on their balance sheets. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits  
P.O. Box 295, Trenton, New Jersey 08625-0295

or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's annual contributions to SHBP for retirees were \$98,477.04 for 2017, \$74,088.69 for 2016 and \$57,763.80 for 2014 which equaled the required contributions for that year.

NOTE 15: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2017 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Borough has made provision, from tax revenues, in the amount of \$56,325.92 for these appeals in the event that the tax reductions are granted.

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$21,431.10	
Trust Other Fund	_____	\$21,431.10 _____
	<u>\$21,431.10</u>	<u>\$21,431.10</u>

All balances resulted from the time lag between the dates that payments between funds are made.

NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through July 24, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that the following subsequent events need to be disclosed:

On May 21, 2018 the Borough Council Adopted Ordinance 2018-04 providing for Various Capital Improvements and related Expenses in the General Capital Fund and authorizing \$1,615,000.00 in Bonds or Notes

On May 21, 2018 the Borough Council Adopted Ordinance 2018-05 providing for Various Water and Sewer Utility Improvements and Related Expenses in the Water Sewer Capital Fund and authorizing \$3,000,000.00 in Bonds or Notes

BOROUGH OF SPRING LAKE HEIGHTS  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2017

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2017

	Reference	Current Fund	Grant Fund
Balance, December 31, 2016	A	\$ 4,383,311.45	\$ 3,985.71
<b>Increased By Receipts:</b>			
Miscellaneous Revenue Not Anticipated	A-2	\$ 51,882.72	\$
State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A	57,500.00	
Tax Collections	4-A	16,583,221.33	
Revenue Accounts Receivable	6-A	1,060,190.45	
Reserve for SCART	7-A	1,007.00	
Prepaid Taxes	10-A	755,264.65	
Interfunds	13-A	279.73	
Tax Overpayments	15-A	13,691.10	
Due to State of New Jersey	17-A	8,668.00	
Various Reserves	18-A	500.00	
Interfunds	A		500,000.00
Grants Receivable	19-A		338,850.19
Reserve for Grants - Unappropriated	21-A		4,062.43
		18,532,204.98	\$ 842,912.62
		22,915,516.43	846,898.33
<b>Decreased By Disbursements:</b>			
2017 Budget Appropriation	A-3	5,494,044.09	
Change Fund	2-A	200.00	
Appropriation Reserves	8-A	364,371.96	
County Taxes	11-A	3,487,013.92	
Local District School Taxes	12-A	8,480,426.00	
Interfunds	13-A	23,983.14	
Refunds of Prior Years Revenues	A-1	6,710.35	
Municipal Open Space Tax	16-A	121,000.00	
Reserve for:			
Due To State of New Jersey	17-A	9,273.86	
Various Reserves	18-A	11,514.75	
SCART	7-A	1,007.00	
Grants - Appropriated	20-A		678,959.29
		17,999,545.07	678,959.29
Balance, December 31, 2017	A	\$ 4,915,971.36	\$ 167,939.04

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

Year ended December 31, 2017

	<u>Reference</u>	
Balance December 31, 2016	A	455.00
Increased by:		
Disbursements	1-A	<u>200.00</u>
December 31, 2017	A	\$ <u><u>655.00</u></u>
Analysis of Balance:		
Tax/Utility Collector		\$ 355.00
Clerk		200.00
Registrar		<u>100.00</u>
		\$ <u><u>655.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO/(FROM) STATE OF NEW JERSEY -  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2017

	<u>Reference</u>			
Balance, December 31, 2016	A		\$	497.67
Increased By:				
Cash Receipts	1-A	\$		57,500.00
Senior Citizens Deductions Disallowed by Collector:	4-A			<u>1,642.50</u>
				<u>59,142.50</u>
				59,640.17
Decreased By:				
Senior Citizens' Deductions Per Billing	4-A	\$		5,250.00
Veterans' Deductions Per Tax Billing	4-A			50,750.00
2017 Senior Citizens Deductions Allowed	4-A			750.00
2017 Veterans' Deduction Allowed	4-A			<u>3,000.00</u>
				<u>59,750.00</u>
Balance, December 31, 2017	A		\$	<u><u>(109.83)</u></u>

CALCULATION OF STATE'S SHARE OF  
2017 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans Deductions:				
Per Tax Duplicate			\$	56,000.00
Allowed by Collector				<u>3,750.00</u>
				59,750.00
Less: Disallowed by Collector - Current Year				<u>1,642.50</u>
	4-A		\$	<u><u>58,107.50</u></u>



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2017

Year	Balance December 31, 2016	2017 Levy	2016 Collections	2017 Collections	Cancelled	Transferred to Tax Title Liens	Balance December 31, 2017
2015	\$ 4,304.65	\$	\$	\$ 235,328.23	\$	\$	4,304.65
2016	239,693.28			235,328.23			4,365.05
	243,997.93	16,764,837.11	125,932.88	16,418,640.93	15,226.33	5,520.24	8,669.70
2017	\$ 243,997.93	\$ 16,764,837.11	\$ 125,932.88	\$ 16,553,969.16	\$ 15,226.33	\$ 5,520.24	\$ 199,516.73
Reference	A	4-A	2-A, 10-A	2-A		5-A	A

Reference

Collector  
 Senior Citizens Deductions  
 Overpayments Applied

\$ 16,583,221.33  
 58,107.50  
 12,640.33

Analysis of Property Tax Levy

Tax Yield  
 General Property Tax  
 Added and Omitted Taxes

\$ 16,553,969.16  
 \$ 16,721,084.40  
 43,752.71

Tax Levy:

County Taxes  
 County Library Tax  
 County Open Space Tax  
 Due County for Added Taxes

\$ 3,080,048.96  
 215,802.74  
 180,929.42  
 9,144.22

Local District School Tax  
 Municipal Open Space Tax  
 Local Taxes for Municipal Purposes  
 Add: Additional Tax Levied

\$ 3,485,925.34  
 8,525,892.00  
 121,000.00  
 4,593,751.00  
 38,268.77

\$ 16,764,837.11

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	A	\$	30,552.70
Increased By:			
Transferred from Taxes Receivable	4-A		<u>5,520.24</u>
Balance, December 31, 2017	A	\$	<u><u>36,072.94</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2017

Reference	Balance December 31, 2016	Accrued in 2017	Collections	Balance December 31, 2017
A-2	\$	20,000.00 \$	20,000.00 \$	
A-2		74,844.00	74,844.00	
A-2	3,243.25	64,929.66	60,297.45	7,875.46
A-2		53,707.19	53,707.19	
A-2		20,506.25	20,506.25	
A-2		399,325.00	399,325.00	
A-2		82,281.00	82,281.00	
A-2	20,000.00	20,000.00	20,000.00	20,000.00
A-2		6,266.21	6,266.21	
A-2		8,958.00	8,958.00	
A-2		73,097.00	73,097.00	
A-2		132,336.00	132,336.00	
A-2		33,778.45	33,778.45	
A-2		75,000.00	75,000.00	
	\$ 23,243.25 \$	1,065,028.76 \$	1,060,396.55 \$	27,875.46

A

A

Reference

Cash Receipts	1-A	\$ 1,060,190.45
Interfund Receivable	13-A	206.10
		\$ 1,060,396.55

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR SCART

Year ended December 31, 2017

	<u>Reference</u>		
Increased By:			
Cash Receipts	1-A	\$	1,007.00
Decreased By:			
Cash Disbursements	1-A	\$	<u>1,007.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

Year ended December 31, 2017

	Balance December 31, <u>2016</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>GENERAL GOVERNMENT</b>				
General Administration:				
Salaries and Wages	\$ 1,284.02	\$ 1,284.02	\$ 27.20	\$ 1,256.82
Other Expenses	6,330.26	6,372.82	2,243.38	4,129.44
Mayor and Council:				
Salaries and Wages	819.94	819.94		819.94
Other Expenses	292.84	808.83	395.99	412.84
Municipal Clerk:				
Salaries and Wages	25.05	25.05		25.05
Other Expenses	436.82	3,071.16	2,634.34	436.82
Financial Administration (Treasury):				
Other Expenses	4,101.70	6,169.45	3,113.13	3,056.32
Audit Services	1,000.00	1,000.00		1,000.00
Revenue Administration (Tax Collection):				
Salaries and Wages	6,396.96	6,396.96		6,396.96
Other Expenses	57.18	1,350.18	1,293.00	57.18
Tax Assessment Administration:				
Salaries and Wages	301.05	301.05		301.05
Other Expenses	1,670.06	1,670.06		1,670.06
Assessment PILOT		0.20		0.20
Department of Law:				
Other Expenses	915.04	3,584.88	3,303.33	281.55
Division of Engineering:				
Salaries and Wages	397.50	397.50		397.50
Other Expenses	605.00	1,500.00	895.00	605.00
<b>LAND USE ADMINISTRATION</b>				
Planning Board:				
Salaries and Wages	150.10	150.10		150.10
Other Expenses	808.26	996.75	188.49	808.26
Zoning Board of Adjustment:				
Salaries and Wages	4,201.56	4,201.56		4,201.56
Other Expenses	250.00	250.00		250.00
Beautification Committee:				
Other Expenses	1,273.14	1,500.00	226.86	1,273.14
Zoning /Code Enforcement:				
Salaries and Wages	150.10	150.10		150.10
Other Expenses	54.71	184.71	130.00	54.71
<b>INSURANCE</b>				
Group Insurance	74,523.87	75,409.45	75,109.45	300.00
Workers Comp	375.82	375.82		375.82

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF 2016 APPROPRIATION RESERVES

Year ended December 31, 2017

	Balance December 31, <u>2016</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>PUBLIC SAFETY</b>				
Police Department:				
Salaries and Wages	\$ 56,993.35	\$ 56,993.35	\$ (950.00)	\$ 57,943.35
Other Expenses	1,661.66	5,824.37	2,578.61	3,245.76
Vehicle Purchase	180.54	5,107.88	4,827.34	280.54
Emergency Management Services:				
Salaries and Wages	3,100.00	3,100.00		3,100.00
Other Expenses	625.00	1,375.00	750.00	625.00
Fire Safety Act:				
Salaries and Wages	1,456.00	1,456.00		1,456.00
Other Expenses	19.35	19.35		19.35
Prosecutor's Office:				
Salaries and Wages	240.00	240.00		240.00
Other Expenses	500.00	500.00		500.00
Municipal Court:				
Salaries and Wages	415.02	415.02		415.02
Other Expenses	93.00	93.00		93.00
Fire Department				
Salaries and Wages	1,000.00	1,000.00		1,000.00
Other Expenses	678.50	48,303.10	40,025.72	8,277.38
<b>PUBLIC WORKS</b>				
Streets and Road Maintenance:				
Salaries and Wages	7,882.16	7,882.16		7,882.16
Other Expenses	1,160.21	1,098.24	238.03	860.21
Streets & Roads Other Expense	1,704.40	8,794.70	8,683.10	111.60
Solid Waste Collection				
Other Expenses	1,455.90	2,950.90	2,795.00	155.90
Buildings and Grounds:				
Other Expenses	3,818.76	8,183.91	5,548.01	2,635.90
Vehicle Maintenance:				
Other Expenses	1,080.84	13,206.34	11,533.11	1,673.23
Public Health Services (Board of Health):				
Salaries and Wages	176.04	176.04		176.04
Other Expenses	105.00	105.00		105.00
Environmental Health Services:				
Other Expenses	215.74	215.74		215.74
<b>PARKS AND RECREATION</b>				
Recreation Services and Programs:				
Salaries and Wages	239.14	239.14		239.14
<b>UTILITY EXPENSE AND BULK PURCHASES</b>				
Utilities	66,258.84	61,583.54	29,659.00	31,924.54
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>				
Sanitary Landfill:				
Other Expenses	7,753.59	32,567.30	32,189.17	378.13

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

Year ended December 31, 2017

	Balance December 31, <u>2016</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salary and Wage Adjustment	\$ 6,500.00	\$ 6,500.00	\$	\$ 6,500.00
Contingent	1,000.00	1,000.00		1,000.00
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	8,617.43	3,992.97		3,992.97
DCRP - Employer Contribution	696.51	696.51		696.51
Stormwater Management:				
Other Expenses	400.00	400.00		400.00
LOSAP First Aid	3,375.00	3,950.00	575.00	3,375.00
LOSAP Fire Company	500.00	42,000.00	42,000.00	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
Southern Monmouth Community Alliance to Prevent Alcoholism and Drug Abuse:				
Other Expenses	310.67	310.67		310.67
Sea Girt Roll Off Truck	9,200.00	9,200.00		9,200.00
Shared Services Wall Public Assistance				
Other Expenses	25.00	5,700.00	5,000.00	700.00
Monmouth County Regional Health Commission	810.00	810.00		810.00
Belmar Dispatch	904.16	904.16		904.16
Spring Lake Construction	4,467.53	60,000.00	55,532.47	4,467.53
Shared Services Monmouth County Transportation	283.00	1,082.00	806.00	276.00
County of Monmouth - Pub Safety Ans				
Other Expenses	1,200.00	1,200.00		1,200.00
Shared Services - Municipal Court	7,000.00	7,000.00		7,000.00
Capital Improvement Fund				
Reserve for Public Works Vehicles		28,610.22	28,610.22	
Building Improvements	244.64	7,500.00	4,411.01	3,088.99
Total General Appropriations	<u>\$ 310,767.96</u>	<u>\$ 560,257.20</u>	<u>\$ 364,371.96</u>	<u>\$ 195,885.24</u>
	<u>Reference</u>	A	1-A	A-1
Appropriation Reserves	A	\$ 310,767.96		
Encumbrances Payable	9-A	<u>249,489.24</u>		
		<u>\$ 560,257.20</u>		

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	A	\$ 249,489.24
Increased By:		
Transferred From 2017 Appropriations	A-3	<u>165,952.41</u>
		415,441.65
Decreased By:		
Transferred To Appropriation Reserves	8-A	<u>249,489.24</u>
Balance, December 31, 2017	A	\$ <u><u>165,952.41</u></u>



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	A	\$	125,932.88
Increased By:			
Cash Receipts	1-A	\$	755,264.65
Tax Overpayments Applied	15-A		<u>527.16</u>
			<u>755,791.81</u>
			881,724.69
Decreased By:			
Applied To Taxes Receivable	4-A		<u>125,932.88</u>
Balance, December 31, 2017	A	\$	<u><u>755,791.81</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	A	\$	10,232.80
Increased By:			
2017 Tax Levy:			
County Tax		\$	3,080,048.96
County Library Tax			215,802.74
County Open Space Fund Tax			<u>180,929.42</u>
	A-1,4-A		3,476,781.12
Due County for Added Taxes	A-1,4-A		<u>9,144.22</u>
			<u>3,485,925.34</u>
			3,496,158.14
Decreased By:			
Cash Disbursements	1-A		<u>3,487,013.92</u>
Balance, December 31, 2017	A	\$	<u><u>9,144.22</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016:			
Reserve for School Tax Levy	A	\$	17,617.23
School Tax Payable	A		2,768,466.67
School Tax Deferred			<u>1,083,894.75</u>
		\$	3,869,978.65
Increased By:			
Levy (School Year July 1, 2017 to June 30, 2018)	4-A		<u>8,525,892.00</u>
			12,395,870.65
Decreased By:			
Cash Disbursements	1-A		<u>8,480,426.00</u>
Balance, December 31, 2017:			
Reserve for School Tax Levy	A	\$	17,617.23
School Tax Payable	A		2,813,932.67
School Tax Deferred			<u>1,083,894.75</u>
		\$	<u><u>3,915,444.65</u></u>
 <u>2017 Liability for Local District School Tax</u>			
Tax Payable, December 31, 2017	12-A	\$	2,813,932.67
Tax Paid	12-A		<u>8,480,426.00</u>
			11,294,358.67
Less:			
Tax Payable, December 31, 2016	12-A		<u>2,768,466.67</u>
Amount Charged To 2017 Operations	A-1	\$	<u><u>8,525,892.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF INTERFUNDS

Year ended December 31, 2017

	<u>REF.</u>	<u>TOTAL</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2016:				
Interfunds Receivable	A	\$ 279.73	\$ 279.73	
Interfunds Payable	A	23,983.14		23,983.14
Receipts	1-A	279.73	279.73	
Disbursements	1-A	23,983.14		23,983.14
2017 Escrow Interest	6-A	206.10	206.10	
2017 OD Police Admin Fee	A-2	<u>21,225.00</u>	<u>21,225.00</u>	
Balance, December 31, 2017:				
Interfunds Receivable	A	<u>\$ 21,431.10</u>	<u>\$ 21,431.10</u>	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF FORECLOSED PROPERTY

Year ended December 31, 2017

Reference

Balance, December 31, 2016  
and December 31, 2017

A

\$ 28,900.00

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	A	\$	8,226.76
Increased By:			
Cash Receipts	1-A	\$	13,691.10
Refund Prior Year Tax Revenue	A-1		<u>2,281.69</u>
			<u>15,972.79</u>
			24,199.55
Decreased By:			
Overpayments Applied to Tax	4-A	\$	12,640.33
Overpayments Applied to Prepaid	10-A		<u>527.16</u>
			<u>13,167.49</u>
Balance, December 31, 2017	A	\$	<u><u>11,032.06</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX-DUE TO OPEN SPACE TRUST

Year ended December 31, 2017

	<u>Reference</u>		
Increased By:			
2017 Levy	A-1,4-A	\$	121,000.00
Decreased By:			
Cash Disbursements	1-A	\$	<u>121,000.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY

Year ended December 31, 2017

	Balance December 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2017</u>
Marriage License Fees	\$ 275.00	\$ 930.00	\$ 905.00	\$ 300.00
DCA Training Fees	<u>2,871.19</u>	<u>7,738.00</u>	<u>8,368.86</u>	<u>2,240.33</u>
	<u>\$ 3,146.19</u>	<u>\$ 8,668.00</u>	<u>\$ 9,273.86</u>	<u>\$ 2,540.33</u>
<u>Reference</u>	A	1-A	1-A	A



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

Year ended December 31, 2017

	Balance December 31, <u>2016</u>	<u>Increased</u>	Cash <u>Disbursed</u>	Balance December 31, <u>2017</u>
Reserve For:				
Codification	\$ 24,391.40	\$	\$	\$ 24,391.40
Tax Appeals	67,340.67	500.00	11,514.75	56,325.92
Revaluation	<u>28,106.90</u>	<u>                    </u>	<u>                    </u>	<u>28,106.90</u>
	<u>\$ 119,838.97</u>	<u>\$ 500.00</u>	<u>\$ 11,514.75</u>	<u>\$ 108,824.22</u>
<u>Reference</u>	A	1-A	1-A	A

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

Year ended December 31, 2017

	Balance December 31, 2016	Increased By Revenue Anticipated 2017	Transfer from Grants Unappropriated	Cash Receipts	Balance December 31, 2017
NCRS Grant	\$ 167,069.02	\$	\$	\$	\$ 167,069.02
Drunk Driving Enforcement	1,789.95			1,789.95	
Bulletproof Vest Partnership	20.00			20.00	
FEMA Hazard Mitigation	585,000.00				585,000.00
Drunk Driving Enforcement CY17		2,500.00	2,500.00		
Body Armor CY17		1,462.38	1,462.38		
Clean Communities CY17		13,031.28		13,031.28	
NJDOT Muni Aid (FY13) CY17		175,000.00		69,965.18	105,034.82
NJDOT Muni Aid (FY14) CY17		200,000.00		114,469.01	85,530.99
NJDOT Muni Aid (FY15) CY17		150,000.00		112,500.00	37,500.00
Comm Dev Block Grant CY17		156,786.00			156,786.00
Recycling Tonnage CY17		5,504.22		5,504.22	
Drive Sober GPO CY17		5,000.00		5,000.00	
Drunk Driving Enforcement CY17		5,500.00		5,500.00	
Drive Sober GPO CY17		5,335.00		5,335.00	
Drunk Driving Enforcement CY17 (Addtl)		1,000.00		1,000.00	
Body Armor CY17		1.76		1.76	
Recycling Tonnage CY17		4,733.79		4,733.79	
	\$ 753,878.97	\$ 725,854.43	\$ 3,962.38	\$ 338,850.19	\$ 1,136,920.83

Reference

A

A-2

21-A

1-A

A

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Year ended December 31, 2017

	Balance December 31, 2016	2017 Authorizations	Expended	Transfer To Encumbrances	Balance December 31, 2017
	\$	\$	\$	\$	\$
NJ HAVA Section 261	694.25				694.25
Drunk Driving Enforcement CY13	5.89				5.89
NCRS Grant CY13	148,524.10				148,524.10
Drunk Driving Enforcement CY14	79.76		75.53		4.23
Body Armor CY14	1,512.22			1,304.79	207.43
Drunk Driving Enforcement CY14	1,627.20		1,161.70		465.50
Body Armor CY15	77.83			77.83	
Drunk Driving Enforcement	1,864.30				1,864.30
Clean Communities	11,751.80		595.00		11,156.80
Bulletproof Vest Partnership	975.00			975.00	
FEMA Hazard Mitigation	585,000.00				585,000.00
Drunk Driving Enforcement	1,789.95				1,789.95
Drunk Driving Enforcement CY17		2,500.00			2,500.00
Body Armor CY17		1,462.38		1,462.38	
Clean Communities CY17		13,031.28	365.00		12,666.28
NJDOT Muni Aid (FY13) CY17		175,000.00	164,620.53		10,379.47
NJDOT Muni Aid (FY14) CY17		200,000.00	189,620.53		10,379.47
NJDOT Muni Aid (FY15) CY17		150,000.00	150,000.00		
Comm Dev Block Grant CY17		156,786.00	156,786.00		
Recycling Tonnage CY17		5,504.22			5,504.22
Drive Sober GPO CY17		5,000.00	4,900.00		100.00
Drunk Driving Enforcement CY17		5,500.00	5,500.00		
Drive Sober GPO CY17		5,335.00	5,335.00		
Drunk Driving Enforcement CY17 (Addtl)		1,000.00			1,000.00
Body Armor CY17		1.76			1.76
Recycling Tonnage CY17		4,733.79			4,733.79
	<u>\$ 753,902.30</u>	<u>\$ 725,854.43</u>	<u>\$ 678,959.29</u>	<u>\$ 3,820.00</u>	<u>\$ 796,977.44</u>

Reference

A

A-3

1-A

A

A

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	A	\$ 3,962.38
Increased By:		
Cash Receipts	1-A	\$ <u>4,062.43</u>
		8,024.81
Decreased By:		
Transferred To Grants Receivable	19-A	<u>3,962.38</u>
Balance, December 31, 2017	A	<u>\$ 4,062.43</u>

Analysis of Balance - December 31, 2017

Drunk Driving Enforcement	\$ 210.05
Drunk Driving Enforcement	500.00
Body Armor	1,462.38
Bulletproof Vest	<u>1,890.00</u>
	<u>\$ 4,062.43</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2017

Reference	Animal Control Fund	Other Trust Funds	Unemployment Compensation Trust Fund	Payroll Fund
Balance, December 31, 2016	\$ 3,615.13 \$	712,097.48 \$	12,484.72 \$	722.77
Increased By Receipts:				
Due State of New Jersey	443.40			
Due Current Fund		21,431.10		
Various Trust Funds		437,831.14		
Reserve for:				
Animal Control Trust Fund	2,142.80		4,975.62	
Unemployment Compensation				
Payroll				
	<u>2,586.20</u>	<u>459,262.24</u>	<u>4,975.62</u>	<u>4,148,891.25</u>
	6,201.33	1,171,359.72	17,460.34	4,149,614.02
Decreased By Disbursements:				
Due State of New Jersey	454.20			
Due Current Fund		279.73		
Reserve for:				
Animal Control Trust Fund	3,962.30			
Various Trust Funds		658,174.33		
Unemployment Compensation			4,482.93	
Payroll				
	<u>4,416.50</u>	<u>658,454.06</u>	<u>4,482.93</u>	<u>4,146,936.45</u>
Balance, December 31, 2017	\$ 1,784.83 \$	512,905.66 \$	12,977.41 \$	2,677.57

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## ANIMAL CONTROL TRUST FUND

## SCHEDULE OF DUE STATE OF NEW JERSEY

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	B	\$	22.80
Increased By:			
Cash Receipts	1-B	\$ <u>443.40</u>	\$ <u>443.40</u>
			<u>466.20</u>
Decreased By:			
Cash Disbursements	1-B		<u>454.20</u>
Balance, December 31, 2017	B	\$	<u><u>12.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Year ended December 31, 2017

	<u>Reference</u>			
Balance, December 31, 2016	B		\$	3,592.33
Increased By:				
Dog License Fees Collected	1-B	<u>2,142.80</u>		<u>2,142.80</u>
				<u>5,735.13</u>
Decreased By:				
Transfer to Encumbrances	B			
Expenditures Under R.S. 4:19-15:11	1-B	<u>3,962.30</u>		<u>3,962.30</u>
Balance, December 31, 2017	B		\$	<u><u>1,772.83</u></u>

License Fees Collected

2016	\$	2,192.00		
2015		<u>2,304.00</u>		
			\$	<u><u>4,496.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF VARIOUS TRUST FUND RESERVES

Year ended December 31, 2017

	Balance December 31, 2016	Balance After Modifications	Increase	Decrease	Transfer To Encumbrance	Balance December 31, 2017
Accumulated Absence Trust	\$ 243.67	243.67	\$	\$	\$	243.67
Cash Performance Bond	95,643.08	95,643.08	105,327.32	53,293.08		147,677.32
Community Center - Donation Rider	745.34	745.34	100.00			845.34
Escrow Trust	31,808.77	33,086.67	57,885.09	75,897.51	595.40	14,478.85
Fire Safety Trust	899.29	899.29				899.29
Kids Safe Program	57.00	57.00				57.00
Law Enforcement	3,073.17	3,073.17	12.31			3,085.48
Tax Sale Premium	240,600.00	240,600.00		145,000.00		95,600.00
Open Space Trust	230,972.77	239,432.10	121,000.00	237,800.45	15,897.04	106,734.61
P.O.A.A.	333.01	333.01	32.00			365.01
Public Defender	134.50	134.50				134.50
Recreation Trust	24,822.50	28,118.47	52,835.00	53,170.03	795.25	26,988.19
Recycling Trust	33,665.35	36,265.35	4,363.02	1,961.21	1,251.93	37,415.23
Snow Removal Rider	26,841.07	26,841.07				26,841.07
Third Party Employment - Police	2,295.03	2,295.03	96,276.40	91,052.05		7,519.38
Water/Sewer Escrow	4,050.00	4,050.00				4,050.00
	<u>\$ 696,184.55</u>	<u>\$ 711,817.75</u>	<u>\$ 437,831.14</u>	<u>\$ 658,174.33</u>	<u>\$ 18,539.62</u>	<u>\$ 472,934.94</u>
	Reference	B	1-B	1-B	8-B	B
Reserves						
Transferred from Encumbrances Payable		\$ 696,184.55				
		<u>15,633.20</u>				
		<u>\$ 711,817.75</u>				



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

UNEMPLOYMENT COMPENSATION TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	B	\$	12,484.72
Increased By:			
Cash Receipts			
Employee Contributions		\$	3,975.62
Budget Contribution			<u>1,000.00</u>
	1-B		<u>4,975.62</u>
			<u>17,460.34</u>
Decreased By:			
Cash Disbursements	1-B		<u>4,482.93</u>
			<u>4,482.93</u>
Balance, December 31, 2017	B	\$	<u><u>12,977.41</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL TRUST FUND

SCHEDULE OF RESERVE FOR PAYROLL

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	B	\$ 722.77
Increased By:		
Cash Receipts	4-B	<u>4,148,891.25</u>
		\$ 4,149,614.02
Decreased By:		
Cash Disbursements	4-B	<u>4,146,936.45</u>
Balance, December 31, 2017	B	<u>\$ 2,677.57</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND

SCHEDULE OF DUE CURRENT FUND

Year ended December 31, 2017

	<u>Reference</u>	<u>Total</u>	<u>Other Trust Funds</u>
Balance, December 31, 2016			
Due To	B	\$ 279.73	\$ 279.73
Receipts	1-B	21,431.10	21,431.10
Disbursements	1-B	<u>279.73</u>	<u>279.73</u>
Balance, December 31, 2017			
Due To	B	\$ <u>21,431.10</u>	\$ <u>21,431.10</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## TRUST OTHER FUND

## SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	B	\$ 15,633.20
Increased By:		
Transferred to Reserve for Various Trust Funds	4-B	<u>18,539.62</u>
		\$ 34,172.82
Decreased By:		
Transferred from Reserve for Various Trust Funds	4-B	<u>15,633.20</u>
Balance, December 31, 2017	B	<u><u>18,539.62</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF INVESTMENTS

Year ended December 31, 2017  
(UNAUDITED)

	<u>Reference</u>		
Balance, December 31, 2016	B	\$	366,210.28
Increased By:			
Borough Contributions		\$	53,760.00
Appreciation on Investments			<u>54,937.38</u>
			<u>108,697.38</u>
			474,907.66
Decreased By:			
Account Charge/Taxes		\$	1,215.30
Withdrawals			<u>11,489.31</u>
			<u>12,704.61</u>
Balance, December 31, 2017	B	\$	<u><u>462,203.05</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF MISCELLANEOUS RESERVES

Year ended December 31, 2017  
(UNAUDITED)

	<u>Reference</u>			
Balance, December 31, 2016	B		\$	406,390.28
Increased By:				
Borough Contributions	9-B	\$	13,580.00	
Appreciation on Investments	9-B		<u>54,937.38</u>	
				<u>68,517.38</u>
				474,907.66
Decreased By:				
Account Charge/Taxes	9-B	\$	1,215.30	
Withdrawals and Charges	9-B		<u>11,489.31</u>	
				<u>12,704.61</u>
Balance, December 31, 2017	B		\$	<u><u>462,203.05</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	C	\$	83,327.02
Increased By:			
Deferred Charges To Future Taxation - Cancelled Grants		\$	41,417.13
Capital Improvement Fund	8-C		18,000.00
Due from Current Fund	11-C		178,983.14
Bond Anticipation Notes	12-C		<u>636,000.00</u>
			<u>874,400.27</u>
			957,727.29
Decreased By:			
Contracts Payable	10-C		<u>365,386.53</u>
			<u>365,386.53</u>
Balance, December 31, 2017	C	\$	<u><u>592,340.76</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Year ended December 31, 2017

	Balance December 31, <u>2017</u>
Capital Improvement Fund	\$ 3,015.63
Fund Balance	50,305.05
Reserve for Encumbrances	413,133.06
Due from Current Fund	
Bond Anticipation Notes	636,000.00
Grant Receivable	(188,000.00)
Reserve for Various Capital Improvements	74,583.64
Reserve for Debt Service	8,089.48
Improvement Authorizations Funded (Listed on Exhibit "C-7")	302,544.58
Improvement Authorization Expenditures (Listed on Exhibit "C-4")	<u>(707,330.68)</u>
	<u>\$ 592,340.76</u>
<u>Reference</u>	C



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	C	\$ 1,280,000.00
Decreased By:		
Bonds Paid by Budget Appropriation	5-C	<u>105,000.00</u>
Balance, December 31, 2017	C	<u>\$ 1,175,000.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Year ended December 31, 2017

Ordinance No.	Improvement Description	Balance December 31, 2016	2017 Authorization	Balance December 31, 2017	Bond Anticipation Notes	Analysis of Balance	
						Expenditures	Unexpended Improvement Authorizations
10-08	Improvements To Beverly Avenue	\$ 74,488.92	\$	74,488.92	\$	22,484.09	\$ 52,004.83
15-10	Improvements To Park Avenue	150,000.00		150,000.00		143,769.97	6,230.03
17-11	Various Capital Improvements and Acquisition of Various Equipment	500.00		500.00			500.00
03-17	Various Capital Improvements		636,000.00	636,000.00	636,000.00	541,076.62	94,923.38
		<u>\$ 224,988.92</u>	<u>636,000.00</u>	<u>860,988.92</u>	<u>636,000.00</u>	<u>707,330.68</u>	<u>153,658.24</u>
	<u>Reference</u>	C	13-C	C	12-C	2-C	7-C

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Year ended December 31, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
General Improvements	12/29/11	\$ 1,740,000.00	12/1/18 \$ 110,000.00	5.00%			
			12/1/19 115,000.00	5.00%			
			12/1/20 120,000.00	5.00%			
			12/1/21 125,000.00	5.00%			
			12/1/22 130,000.00	4.00%			
			12/1/23 135,000.00	4.00%			
			12/1/24 145,000.00	3.00%			
			12/1/25 145,000.00	3.00%			
			12/1/26 150,000.00	3.00%			
					\$ 1,280,000.00	\$ 105,000.00	\$ 1,175,000.00
					\$ 1,280,000.00	\$ 105,000.00	\$ 1,175,000.00
					C	3-C	C

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

Year ended December 31, 2017

Reference

Balance, December 31, 2016 and  
December 31, 2017

C

\$ 188,000.00

Analysis of Balance

I/A # 10-2012 Monmouth County Open Space Grant Program

188,000.00

\$ 188,000.00

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2017

Ordinance Date	Improvement Description	Balance 12/31/2016		2017 Authorizations	Contracts Payable	Balance 12/31/2017	
		Funded	Unfunded			Funded	Unfunded
10-08	Improvements To Beverly Avenue	\$	\$ 52,004.83	\$	\$	\$	\$ 52,004.83
15-10	Improvements To Park Avenue		6,230.03				6,230.03
09-11	Handicapped Accessible Improvements to Allaire Park Road		19,985.38		1,560.00	18,425.38	
17-11	Various Capital Improvements and Acquisition of Various Equipment	275,358.76	500.00		1,458.20	273,900.56	500.00
9-12	Public Facility Improvements	5,485.00			1,475.00	4,010.00	
10-12	Improvements to Ocean Rd/Allaire Rd Park	6,203.44				6,203.44	
06-15	Fire Equipment/Vehicle Purchase	23,505.20		670,000.00	23,500.00	5.20	94,923.38
03-17	Various Capital Improvements				575,076.62		
		\$ 330,537.78	\$ 58,734.86	\$ 670,000.00	\$ 603,069.82	\$ 302,544.58	\$ 153,658.24
	Reference	C	C		10-C	C; 2-C	C,4-C
	Deferred Charges To Future Taxation - Unfunded		\$ 636,000.00				
	Capital Improvement Fund		34,000.00				
			\$ 670,000.00				

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	C	\$	19,015.63
Increased By:			
Budget Appropriation	1-C		<u>18,000.00</u>
			37,015.63
Decreased By:			
Finance Improvement Authorization	7-C	<u>34,000.00</u>	<u>34,000.00</u>
Balance, December 31, 2017	C	\$	<u><u>3,015.63</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR VARIOUS CAPITAL IMPROVEMENTS

Year ended December 31, 2017

	Balance December 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2017</u>
Public Works Vehicle and Equipment	\$ 4,321.00		\$ 4,320.00	\$ 1.00
Fire Equipment	15,000.00			15,000.00
Road & Drainage Improvements	25,000.00			25,000.00
Public Works Vehicle	7,314.78		5,942.25	1,372.53
Preliminary Costs - Site Remediation	23,335.45		23,277.00	58.45
Public Works Vehicle & Equipment		70,000.00	63,588.34	6,411.66
Fire Equipment		35,000.00	13,600.00	21,400.00
Road & Drainage Improvements		45,000.00	44,660.00	340.00
Fire Emerg Notificatoin System		<u>5,000.00</u>		<u>5,000.00</u>
	<u>\$ 74,971.23</u>	<u>\$ 155,000.00</u>	<u>\$ 155,387.59</u>	<u>\$ 74,583.64</u>
	<u>Ref.</u>	<u>C</u>		<u>C</u>
2017 Budget Appropriation - Due from Current Fund	11-C	\$ 155,000.00	\$	
Transferred to Contracts Payable	10-C		159,935.59	
Contracts Payable Cancelled	10-C		<u>(4,548.00)</u>	
		<u>\$ 155,000.00</u>	<u>\$ 155,387.59</u>	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF CONTRACTS PAYABLE

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	C	\$	20,062.18
Increased by			
Transferred from Improvement Authorizations	7-C	\$	603,069.82
Various Reserves	9-C		<u>159,935.59</u>
			<u>763,005.41</u>
			<u>783,067.59</u>
Decreased By:			
Cash Disbursements	1-C	\$	365,386.53
Contracts Payable Cancelled	9-C		<u>4,548.00</u>
			<u>369,934.53</u>
Balance, December 31, 2017	C	\$	<u><u>413,133.06</u></u>



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE TO/FROM CURRENT FUND

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	C	\$	23,983.14
Increased by:			
Reserve for Various Capital Improvements	9-C	\$	<u>155,000.00</u>
			<u>155,000.00</u>
		\$	<u>178,983.14</u>
Decreased By:			
Receipts	1-C		<u>178,983.14</u>
		\$	<u><u>178,983.14</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND  
 SCHEDULE OF BOND ANTICIPATION NOTES

Year ended December 31, 2017

<u>Ordinance Number</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increase</u>	<u>Balance December 31, 2017</u>
2017-03	12/28/17	12/28/17	12/27/18	1.75% \$	636,000.00 \$	636,000.00
				\$	636,000.00 \$	636,000.00
				<u>Reference</u>	1-C,4-C	C

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2017

<u>Ordinance No.</u>	<u>Improvement Description</u>	Balance December 31, 2016	2017 Authorizations	Decreased	Balance December 31, 2017
10-08	Improvements To Beverly Avenue	\$ 74,488.92	\$	\$	74,488.92
15-10	Improvements To Park Avenue	150,000.00			150,000.00
17-11	Various Capital Improvements and Acquisition of Various Equipment	500.00	636,000.00	636,000.00	500.00
17-03	Various Capital Improvements				
		<u>\$ 224,988.92</u>	<u>\$ 636,000.00</u>	<u>\$ 636,000.00</u>	<u>\$ 224,988.92</u>
		C	7-C	12-C	C

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2017

	Reference	Operating	Capital
Balance, December 31, 2016	D	\$ 933,757.82	\$ 625,291.13
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	D-3	\$ 19,648.55	
Consumer Accounts Receivable	3-D	2,274,243.98	
Overpayments	9-D	916.34	
Due from Utility Operating Fund	17-D		3,173.96
Various Utility Capital Reserves	19-D	\$	233,905.70
2017 Budget Appropriation	10-D		10,000.00
		<u>2,294,808.87</u>	<u>247,079.66</u>
		<u>3,228,566.69</u>	<u>872,370.79</u>
Decreased By Disbursements:			
2017 Budget Appropriations	D-4	2,382,973.17	
2016 Appropriation Reserves	7-D	127,999.32	
Accrued Interest	15-D	18,124.98	
Due to Utility Capital Fund	17-D	3,173.96	72,376.69
Contracts Payable	16-D		500,000.00
Due from Grant Fund	18-D		
		<u>2,532,271.43</u>	<u>572,376.69</u>
Balance, December 31, 2017	D	\$ <u>696,295.26</u>	\$ <u>299,994.10</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF WATER/SEWER UTILITY CAPITAL CASH

Year ended December 31, 2017

	Balance December 31, <u>2017</u>
Capital Improvement Fund	\$ 14,285.62
Encumbrances Payable	13,938.98
Fund Balance	3,359.93
Due from Grant Fund	(500,000.00)
Reserve to Pay Debt Service	3,145.91
Various Utility Capital Reserves	383,611.22

<u>Ordinance Number</u>	<u>Improvement Description</u>	
02-06	Water Meter Upgrades	1,631.79
01-14	Various Improvements	129,923.65
03-2016	Utility Jet-Vac Vehicle	97.00
04-2017	Various Improvements	<u>250,000.00</u>
		\$ <u><u>299,994.10</u></u>

Reference 1-D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	D	\$ 96,325.16
Increased By:		
Water Sewer Rents Levied		<u>2,288,058.68</u>
		2,384,383.84
Decreased By:		
Collections	D-3;1-D	\$ 2,274,243.98
Overpayments Applied	D-3;9-D	217.24
Transferred to Lien	4-D	<u>975.00</u>
		<u>2,275,436.22</u>
Balance, December 31, 2017	D	<u>\$ 108,947.62</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF UTILITY LIENS RECEIVABLE

Year ended December 31, 2017

	<u>REF.</u>		
Balance, December 31, 2016	D	\$	4,923.43
Increased by:			
Transferred from 2017 Consumer Accounts	3-D	\$	<u>975.00</u>
			<u>975.00</u>
Balance, December 31, 2017	D	\$	<u><u>5,898.43</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

Year ended December 31, 2017

	Balance December 31, <u>2017</u>	Balance December 31, <u>2016</u>
Walls, Pumping Stations and Equipment	\$ 420,852.83	\$ 420,852.83
Distribution Mains and Accessories	156,422.80	156,422.80
Land	340.00	340.00
Engineering Fees	7,545.55	7,545.55
Interest During Construction	2,823.66	2,823.66
Legal and Accounting Fees	4,715.01	4,715.01
Miscellaneous	1,842.46	1,842.46
Water Towers, Pumps and Equipment	96,487.80	96,487.80
Construction of Well (Year 1978)	75,000.00	75,000.00
Construction of Storage Tank with Pumping Station (Year 1979)	300,000.00	300,000.00
Purchase and Installation of Pipes and Accessories	27,500.00	27,500.00
Improvement To Wells (Year 1986)	134,000.00	134,000.00
Improvement To Wells (Year 1990)	60,000.00	60,000.00
Improvement To Water Treatment Plant Old Mill Road (Year 1990)	231,328.42	231,328.42
Construction of Three Bay Garage and Various Improvements (Year 1994)	109,264.33	109,264.33
Construction of Sewer Mains	669,725.22	669,725.22
Construction of Force Mains	95,670.00	95,670.00
Construction of Sewer Plant	316,369.33	316,369.33
Land and Easements	28,829.00	28,829.00
Engineering Fees	60,840.65	60,840.65
Interest During Construction	52,268.81	52,268.81
Inspection Fees	20,342.31	20,342.31
Legal and Accounting Fees	15,818.00	15,818.00
Other Costs	3,401.27	3,401.27
Equipment	5,000.00	5,000.00
Rehabilitation of Water Storage Tanks	180,000.00	180,000.00
Hydrant Replacement/Repair	4,629.00	4,629.00
Water Service Installation/Maintenance	1,892.11	1,892.11
Water Meter Upgrades-Acquisition of Equipment (Ord 04-04)	351,923.96	351,923.96
Utility Improvements (Ord 14-07;11-11)	<u>53,866.95</u>	<u>53,866.95</u>
	<u>\$ 3,488,699.47</u>	<u>\$ 3,488,699.47</u>
	D	D



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Year ended December 31, 2017

<u>Ordinance Number</u>	<u>Description</u>	Balance December 31, <u>2016</u>	<u>Increased</u>	Balance December 31, <u>2017</u>
02-06/04-11	Water Meter Upgrades- Acquisition of Equipment	\$ 805,125.00	\$	\$ 805,125.00
01-2014	Various Capital Improvements	175,000.00		175,000.00
03-2016	Utility Jet-Vac Vehicle	77,000.00		77,000.00
04-2017	Various Improvements	<u>                    </u>	<u>250,000.00</u>	<u>250,000.00</u>
		\$ <u>1,057,125.00</u>	\$ <u>250,000.00</u>	\$ <u>1,307,125.00</u>
	<u>Reference</u>	D	13-D	D

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

Year ended December 31, 2017

	Balance December 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 25,024.68	\$ 25,024.68	\$	25,024.68
Other Expenses	38,012.65	50,900.04	32,036.73	18,863.31
NJSWA Raw Water Charge	7,495.24	46,401.31	38,906.07	7,495.24
NJSWA Treat/Trans Charge	5,895.64	5,895.64		5,895.64
South Monmouth Regional Sewer Authority	100.41	100.41		100.41
Wall Twp. Sewer Charges	1,046.16	6,923.68	5,877.52	1,046.16
Capital Outlay	38,396.26	89,575.26	51,179.00	38,396.26
Statutory Expenditures: Contributions To:				
Social Security System (O.A.S.I.)	814.90	814.90		814.90
Unemployment Insurance	1,500.00	1,500.00		1,500.00
	<u>\$ 118,285.94</u>	<u>\$ 227,135.92</u>	<u>\$ 127,999.32</u>	<u>\$ 99,136.60</u>
	D	D	1-D	D-1
Appropriation Reserves	\$	118,285.94		
Encumbrances Payable		108,849.98		
	\$	<u>227,135.92</u>		

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE  
Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	D	\$ 108,849.98
Increased By:		
Charged To Budget Appropriations	D-4	<u>264,268.07</u>
		373,118.05
Decreased By:		
Transferred To Appropriation Reserves	7-D	<u>108,849.98</u>
Balance, December 31, 2017	D	<u><u>\$ 264,268.07</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF WATER/SEWER OVERPAYMENTS

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	D	\$ 7,069.13
Increased By:		
Cash Receipts	1-D	\$ <u>916.34</u>
		7,985.47
Decreased By:		
Applied	3-D	<u>217.24</u>
Balance, December 31, 2017	D	\$ <u><u>7,768.23</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	D	\$	29,285.62
Increased By:			
2017 Budget Appropriation	1-D	\$	<u>10,000.00</u>
			<u>10,000.00</u>
Decreased By:			
Funding Improvement Authorization Ord#2017-04	11-D		<u>25,000.00</u>
			<u>25,000.00</u>
Balance, December 31, 2017	D	\$	<u><u>14,285.62</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year Ended December 31, 2017

Ordinance Number	Description	Ordinance Amount	Balance December 31,		Contracts Payable	Balance December 31, 2017 Funded
			2016 Funded	2017 Authorizations		
02-06/04-11	Water Meter Upgrades- Acquisition of Equipment	\$ 805,125.00	\$ 17,474.42	\$	15,842.63	\$ 1,631.79
01-2014	Various Capital Improvements	175,000.00	134,393.65		4,470.00	129,923.65
03-2016	Utility Jet-Vac Vehicle	77,000.00	585.00		488.00	97.00
04-2017	Various Improvements	250,000.00		250,000.00		250,000.00
		\$	<u>152,453.07</u>	\$ 250,000.00	<u>20,800.63</u>	<u>381,652.44</u>
			Reference	D	16-D	D
	Reserve for Various Utility Capital Improvements		19-D	\$ 200,000.00		
	Capital Improvement Fund		10-D	25,000.00		
	Capital Surplus		D-2	<u>25,000.00</u>		
		\$		<u>250,000.00</u>		

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	D	\$ 3,667,908.56
Increased By:		
Serial Bond Payment	14-D	<u>65,000.00</u>
Balance, December 31, 2017	D	<u>\$ 3,732,908.56</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Year ended December 31, 2017

<u>Ordinance Number</u>		<u>Ordinance Date</u>	Balance December 31, <u>2016</u>	<u>Increased</u>	Balance December 31, <u>2017</u>
04-00	Various Improvements	12/11/00	\$ 25,913.96	\$	\$ 25,913.96
02-06/04-11	Water Meter Upgrades- Acquisition of Equipment	02/27/06	193,075.00		193,075.00
14-07/11-11	Utility Improvements	12/17/07	46,926.95		46,926.95
01-2014	Various Capital Improvements	1/27/14	175,000.00		175,000.00
03-2016	Utility Jet-Vac Vehicle	6/13/16	77,000.00		77,000.00
04-2017	Various Improvements	4/24/17	<u>                    </u>	<u>250,000.00</u>	<u>250,000.00</u>
			\$ <u>517,915.91</u>	\$ <u>250,000.00</u>	\$ <u>767,915.91</u>
		<u>Reference</u>	D	6-D	D



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY  
 WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Year ended December 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance December 31, 2016	Decreased	Balance December 31, 2017
			Date	Amount				
Serial Bonds	12/1/11	\$ 645,000.00	12/1/2018	\$ 70,000.00	5.00%	\$ 360,000.00	\$ 65,000.00	\$ 295,000.00
			12/1/2019	70,000.00	5.00%			
			12/1/2020	75,000.00	5.00%			
			12/1/2021	80,000.00	5.00%			
						\$ 360,000.00	\$ 65,000.00	\$ 295,000.00

Reference

D D 12-D D

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	D	\$	1,500.00
Increased By:			
Accrued for Year Ended			
December 31, 2017	D-4		<u>17,854.98</u>
			19,354.98
Decreased By:			
Cash Disbursement	1-D	\$	<u>18,124.98</u>
			<u>18,124.98</u>
Balance, December 31, 2017	D	\$	<u><u>1,230.00</u></u>

Analysis of Balance - December 31, 2017

	<u>Outstanding</u> <u>December 31,</u> <u>2017</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds:						
	\$ 295,000.00	5.00%	12/01/17	12/31/17	30 days	\$ <u>1,230.00</u>
						\$ <u><u>1,230.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	D	\$	57,120.00
Increased By:			
Improvement Authorizations	11-D	\$	20,800.63
Reserve for Various Utility			
Capital Improvements	19-D		<u>8,395.04</u>
			29,195.67
		\$	<u>86,315.67</u>
Decreased by:			
Cash Disbursements	1-D		<u>72,376.69</u>
Balance, December 31, 2017	D	\$	<u><u>13,938.98</u></u>

Schedule 17-D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE FROM UTILITY OPERATING FUND

Year ended December 31, 2017

	<u>Reference</u>	
Balance, December 31, 2016	D	\$ 3,173.96
Decreased By:		
Cash Receipts	1-D	\$ <u>3,173.96</u>

Schedule 18-D

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE FROM GRANT FUND

Year ended December 31, 2017

	<u>Reference</u>	
Increased By:		
Due to Grant Fund	1-D	\$ <u>500,000.00</u>
Balance, December 31, 2017	D	\$ <u>500,000.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY  
 WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR VARIOUS UTILITY CAPITAL IMPROVEMENTS

Year ended December 31, 2017

	Balance December 31, 2016	Increased by Transferred from Budget	Decreased by Contracts Payable	Finance Improvement Authorization	Balance December 31, 2017
Sewer System Improvements	\$ 25,000.00	\$	\$		\$ 25,000.00
Public Works Vehicles and Equipment	10,077.00				10,077.00
Metering Equipment	10,000.00				10,000.00
Hydrant & Valve Replacement	3,523.56				3,523.56
Sewer Replacement	100,000.00				100,000.00
Water System Improvements	200,000.00			200,000.00	0.00
Preliminary Expenses	9,500.00	29,145.11	8,395.04		1,104.96
Vehicles & Equipment		204,760.59			29,145.11
Hydrant & Valve Replacement					204,760.59
	<u>\$ 358,100.56</u>	<u>233,905.70</u>	<u>8,395.04</u>	<u>200,000.00</u>	<u>383,611.22</u>

Reference D D 1-D 16-D 11-D D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MOMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2017

	<u>Reference</u>		<u>P.A.T.F. Account I</u>		<u>P.A.T.F. Account II</u>		<u>Total</u>
Balance, December 31, 2016	E	\$	<u>3,500.00</u>	\$	<u>11,597.94</u>	\$	<u>15,097.94</u>
Increased By:							
State Aid for Public Assistance	4-E				<u>12,200.00</u>		<u>12,200.00</u>
					<u>12,200.00</u>		<u>12,200.00</u>
			<u>3,500.00</u>		<u>23,797.94</u>		<u>27,297.94</u>
Decreased By:							
2017 Assistance	5-E				<u>11,954.00</u>		<u>11,954.00</u>
					<u>11,954.00</u>		<u>11,954.00</u>
Balance, December 31, 2017	E	\$	<u><u>3,500.00</u></u>	\$	<u><u>11,843.94</u></u>	\$	<u><u>15,343.94</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH AND RECONCILIATION PER N.J.S.A. 40A:5-5

	<u>Reference</u>		
Balance, December 31, 2017	1-E	\$	15,343.94
Increased By:			
State Aid		\$	_____
			<u>15,343.94</u>
Decreased By:			
2018 Assistance			<u>210.00</u>
Balance, March 31, 2018		\$	<u><u>15,133.94</u></u>

	<u>P.A.T.F. Account I</u>	<u>P.A.T.F. Account II</u>	<u>Fund Total</u>
Balance on Deposit			
Ocean First Bank			
Account # 13006008296	\$ 3,500.00	\$	3,500.00
Account # 13006008304	_____	<u>11,633.94</u>	<u>11,633.94</u>
Balance, March 31, 2018	<u><u>\$ 3,500.00</u></u>	<u><u>\$ 11,633.94</u></u>	<u><u>\$ 15,133.94</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH AND RECONCILIATION

Year ended December 31, 2017

	<u>Reference</u>		
Balance, December 31, 2016	E	\$	15,097.94
Increased By:			
State Aid	1-E	\$	<u>12,200.00</u>
			<u>12,200.00</u>
			27,297.94
Decreased By:			
2017 Assistance	5-E		<u>11,954.00</u>
			<u>11,954.00</u>
Balance, December 31, 2017	E	\$	<u><u>15,343.94</u></u>

	<u>P.A.T.F. Account I</u>	<u>P.A.T.F. Account II</u>	<u>Fund Total</u>
Balance on Deposit			
Ocean First Bank			
Account # 13006008296	\$ 3,500.00	\$	\$ 3,500.00
Account # 13006008304		<u>11,843.94</u>	<u>11,843.94</u>
Balance, December 31, 2017	<u>\$ 3,500.00</u>	<u>\$ 11,843.94</u>	<u>\$ 15,343.94</u>



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES

Year ended December 31, 2017

	<u>P.A.T.F.</u> <u>Account II</u>	<u>Fund</u> <u>Total</u>
State Aid	\$ 12,200.00	\$ 12,200.00
Total Receipts (P.A.T.F)	\$ <u>12,200.00</u>	\$ <u>12,200.00</u>

Reference 1-E

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES

Year ended December 31, 2017

	<u>P.A.T.F.</u> <u>Account II</u>	<u>Total</u>
Payments for Current Year Assistance (Reported):		
Maintenance	\$ 5,180.00	\$ 5,180.00
Temporary Rental Assistance	<u>6,774.00</u>	<u>6,774.00</u>
	<u>\$ 11,954.00</u>	<u>\$ 11,954.00</u>

Reference

1-E

BOROUGH OF SPRING LAKE HEIGHTS

PART II

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - CURRENT FUND

	YEAR 2017		YEAR 2016	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 450,000.00	2.33%	\$ 385,000.00	2.03%
Miscellaneous - From Other Than Local				
Property Tax Levies	2,055,243.94	10.66%	1,941,907.99	10.25%
Collection of Delinquent Taxes and				
Tax Title Liens	235,328.23	1.22%	246,569.30	1.30%
Collection of Current Tax Levy	<u>16,544,573.81</u>	<u>85.79%</u>	<u>16,371,953.58</u>	<u>86.42%</u>
<u>TOTAL INCOME</u>	<u>\$ 19,285,145.98</u>	<u>100.00%</u>	<u>\$ 18,945,430.87</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 6,674,326.30	35.43%	\$ 6,401,180.15	34.61%
County Taxes	3,485,925.34	18.51%	3,539,187.09	19.13%
Local School Taxes	8,525,892.00	45.26%	8,425,098.00	45.55%
Municipal Open Space/Recreation Tax	121,000.00	0.64%	120,579.00	0.65%
Other Expenditures	<u>30,143.41</u>	<u>0.16%</u>	<u>11,198.49</u>	<u>0.06%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 18,837,287.05</u>	<u>100.00%</u>	<u>\$ 18,497,242.73</u>	<u>100.00%</u>
Excess in Revenue	\$ 447,858.93		\$ 448,188.14	
Fund Balance, January 1	<u>745,566.94</u>		<u>682,378.80</u>	
	\$ 1,193,425.87		\$ 1,130,566.94	
Less: Utilization as Anticipated Revenue	<u>450,000.00</u>		<u>385,000.00</u>	
Fund Balance, December 31	<u>\$ 743,425.87</u>		<u>\$ 745,566.94</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - WATER/SEWER UTILITY OPERATING FUND

	<u>DECEMBER 31, 2017</u>		<u>DECEMBER 31, 2016</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 450,000.00	15.83%	\$ 500,000.00	16.67%
Water and Sewer Rents and Charges	2,274,461.22	80.00%	2,335,371.47	77.86%
Miscellaneous	118,785.15	4.18%	164,222.56	5.47%
	<u>2,843,246.37</u>	<u>100.00%</u>	<u>2,999,594.03</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Operating	\$ 2,042,000.00	75.01%	\$ 2,114,000.00	76.32%
Capital Improvements	500,000.00	18.37%	505,000.00	18.23%
Debt Service	82,854.98	3.04%	80,750.01	2.92%
Deferred Charges/Statutory Expenditures	97,500.00	3.58%	70,000.00	2.53%
	<u>2,722,354.98</u>	<u>100.00%</u>	<u>2,769,750.01</u>	<u>100.00%</u>
Excess in Revenue	\$ 120,891.39		\$ 229,844.02	
Fund Balance, January 1	694,878.81		965,034.79	
	<u>\$ 815,770.20</u>		<u>\$ 1,194,878.81</u>	
Less:				
Fund Balance Utilized	450,000.00		500,000.00	
	<u>450,000.00</u>		<u>500,000.00</u>	
Fund Balance, December 31	<u>\$ 365,770.20</u>		<u>\$ 694,878.81</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>1.360</u>	<u>1.377</u>	<u>1.373</u>
Apportionment of Tax Rate:			
Municipal	0.383	0.383	0.363
County	0.283	0.294	0.299
Local School	0.693	0.700	0.711

ASSESSED VALUATIONS:

2017	<u>\$1,229,491,500.00</u>		
2016		<u>\$1,203,778,800.00</u>	
2015			<u>\$1,151,436,000.00</u>

EQUALIZED VALUATIONS - REAL PROPERTY

2017	<u>\$1,214,623,717.00</u>		
2016		<u>\$1,196,920,885.00</u>	
2015			<u>\$1,191,391,637.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTION</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2017	\$16,764,837.11	\$16,544,573.81	98.69%
2016	16,623,924.25	16,371,953.58	98.48%
2015	15,848,346.75	15,616,259.32	98.54%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2017	\$36,072.94	\$208,186.43	\$244,259.37	1.46%
2016	30,552.70	243,997.93	274,550.63	1.65%
2015	24,957.95	246,911.47	271,869.42	1.72%

COMPARISON OF UTILITY RENTS LEVIED

	<u>YEAR</u>	<u>LEVY</u>	<u>PRIOR YEAR DELINQUENT</u>	<u>CASH COLLECTIONS</u>
Water/Sewer	2017	\$2,288,058.68	\$96,325.16	\$2,274,243.98
Utility Fund	2016	\$2,339,950.58	\$93,608.65	\$2,335,935.53
	2015	2,330,852.19	131,882.03	2,363,018.52

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2017	\$743,425.87	\$450,000.00
	2016	745,566.94	450,000.00
	2015	682,378.80	385,000.00
	2014	408,903.70	290,000.00
	2013	428,821.96	290,000.00

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Water/Sewer Utility Operating Fund	2017	\$365,770.20	\$150,000.00
	2016	694,878.81	450,000.00
	2015	965,034.79	500,000.00
	2014	590,620.51	100,000.00
	2013	260,382.08	-0-



OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Thomas O'Brien	Mayor	*
Sara King	Council President	*
James Shuler	Councilmember	*
Richard Diver	Councilmember	*
Robert Merriken	Councilmember	*
Christopher Campion, Jr.	Councilmember	*
Joseph Tompey	Councilmember	*
Thomas X. Seaman	Chief Financial Officer & Tax/Water-Sewer Collector	*
Joseph J. Delaney Jr.	Borough Administrator to 07/24/17	*
John Barrett	Borough Administrator from 07/24/17	*
Janine Gillis	Borough Clerk	*
Colin Quinn	Municipal Court Judge	*
Gary McLean, Esq.	Borough Attorney	*

\*The Borough maintains Employee Dishonesty coverage for all municipal employees though the Middlesex County Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund

The Government Crime Policy coverage is as follows:

Employee Theft - Per Loss Coverage	\$1,000,000.00
Forgery or Alteration	1,000,000.00
Inside the Premises - Theft of Money and Securities	100,000.00
Inside the Premises - Robbery or Safe Burglary of Other Property	100,000.00
Outside the Premises - Computer Fraud	1,000,000.00
Funds Transfer Fraud	1,000,000.00

All of the Bonds were examined and appear to be properly executed.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (40A:11-3), except by contract or agreement.

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. As of July 24, 2017, the Borough no longer has a Qualified Purchasing Agent and therefore its bid threshold has reverted to \$17,500.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

- Sanitary Sewer Improvements to Brighton Lane
- Closure of Borough Well No. 4
- 2017 Wall Road Resurfacing Project
- Community Center Renovation Project
- NJDOT Local Aid Municipal Road Improvements Project

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-5:

- Auditor
- Financial Reporting and Accounting Services
- Labor Counsel
- Engineering Services
- Legal Services
- Municipal Prosecutor

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2017 adopted the following resolutions authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, real estate taxes are payable on February 1, May 1, August 1 and November 1 of each year, and other assessments are due and payable on dates set forth on the statements assessing said charges; and

WHEREAS, N.J.S.A. 54:67 provides for the fixing rates of interest on delinquent taxes;

NOW, THEREFORE, BE IT RESOLVED that all taxes and assessments are and shall be due on the date stated and, if not paid by said date same shall become delinquent.

The Borough Collector shall collect interest on taxes at the maximum legally allowable rate of 8% under \$1,500.00 and 18% for \$1,500.00 and over, including the provision for an additional 6% for accounts of \$10,000.00 or more. The Collector's ruling of legally allowable amounts shall rule in all instances of all balances delinquent. The provisions for a "grace period" of 10 days for taxes and 30 days for water and sewer shall be computed from the due date printed on the bill to and including the date of actual payment.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

TAX TITLE LIENS

The last tax sale was held on December 15, 2017 and was complete.

An examination of the tax sale certificates revealed all certificates were on file and available for audit.

The following is a comparison of the number of tax title liens receivable on December 31 of the last three years:

<u>YEAR</u>	<u>NUMBER</u>
2017	1
2016	1
2015	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2017 Taxes	25
Delinquent Taxes	25
Payment of Water/Sewer Utility Rents	25
Delinquent Water/Sewer Utility Rents	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule, all interfund balances should be closed out as of the end of the year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

## RECOMMENDATIONS

None





